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Conference Backs 14 Sep Bosnia Election Deadline

BR1801102096 Stockholm SVENSKA DAGBLADET in Swedish 17 Jan 96 p 6

[Article by Fredrik Braconier: "Bosnian Election Requires Free Media"]

[FBIS Translated Text] Everybody agrees that the time frame for the Bosnian elections is tough. However, there is still widespread agreement on adhering to the peace agreement.

This is how Anders Bjurner, Foreign Ministry assistant under secretary of state, summed up the international election conference that ended in Stockholm on 16 January. Together with representatives for the parties in Bosnia, experts from different countries have discussed what is needed to give the elections a democratic stamp. According to the peace agreement, they must be held by 14 September at the latest.

There is hardly any democratic tradition in the country that has been ravaged by war. Many conference participants emphasized the important role of the media. However, the war has damaged the media structure, and, in addition, few media in the former Yugoslavia are independent. They serve various powerful people, and the media structure has been considered to be a contributory factor to the bloody wars.

It was emphasized at the conference that democracy in Bosnia cannot be stabilized without a similar process in Croatia and rump Yugoslavia. Croats and Serbs in Bosnia are turning their eyes toward their respective "mother countries," and the party formations have been copies of those that exist there.

PRC 'Fails To Waive' Nation's $28.2 Million Debt

AU1801094096 Tirana KOHA JONE in Albanian 17 Jan 96 p 3

[Report by Aleksander Frangaj: "China Fails To Waive Albania's Debt"]

[FBIS Translated Text] Beijing, 16 Jan—After the great chill of 1978, Red China with its 1.2 billion inhabitants welcomed yesterday the president of its little brother Albania. Having set off on 14 January and after traveling 8,000 kilometers, Berisha and his delegation arrived in the Chinese capital early yesterday morning. Since yesterday, Haxhi Lleshi can no longer be counted the most recent Albanian president to tread Chinese soil. It must be said that no Albanian head of state has visited China since 1962, for reasons that are well known. Accompanied by Mrs. Berisha, Deputy Prime Minister Dashamir Shehi, Deputies Mitro Cela and Bashkim Zeneli, Deputy Finance Minister Robert Ceku, and Mr. Selim Belortaja, secretary of state for foreign economic relations, the Albanian president was received by President Jiang Zemin, who is also first secretary of the Chinese Communist Party Central Committee, in the Great Palace of the People at 0930. The tete-a-tete conversation lasted only 10 minutes, and the delegations later discussed at length the importance of further strengthening relations between the two countries. Berisha thanked his Chinese counterpart for his invitation, and invited him to pay an official visit to Albania. At the same time, he asked Mr. Jiang to convey his warm greetings to Deng Xiaoping, who is now living in retirement in Shanghai. Berisha expressed appreciation of Deng Xiaoping's contribution to the economic revolution that he undertook on the basis of the market economy and an opening to the world, and also condemned the former Albanian communist leadership for upsetting relations with China during this period. He added that he appreciated China's contribution as a member of the UN Security Council. Berisha also said that Albania recognizes only one China and considers Taiwan part of Chinese territory. Expressing his appreciation of the Dayton accords, Berisha reemphasized that Kosova is a very serious and delicate problem requiring a solution. For his part, Chinese President Jiang expressed the conviction that relations between our two countries will grow because our peoples are tied by an old friendship. The conversation between the delegations then concentrated on the opportunities for increasing economic, technical, cultural, and scientific cooperation. After the talks, the two presidents signed a joint communique, but one without any special importance. Mr. Selim Belortaja, for the Albanian side, and the Chinese deputy minister of film, radio, and television signed two cooperation agreements in the fields of science, technology, and television. Mr. Robert Ceku also had a meeting with the Chinese deputy minister of foreign trade and discussed the problem of the $28.2 million debt that Albania is under an obligation to pay Beijing. Inherited from the years 1987-90 and arising out of a negative balance in clearing trade, this sum—not a great one for the Chinese—was not forgiven us yesterday in the way that the press in Albania had predicted. Berisha officially recognized this debt yesterday and promised its repayment, although it is a legacy from the previous regime and might have been considered anticonstitutional during the period in question. Perhaps Berisha accepted this debt in order not to reexacerbate relations, but the Chinese side also agreed for experts to discuss the matter again in order to find the most favorable solution for both parties. They also agreed, by the end of April, to sign an agreement eliminating double taxation. In order to attract more Chinese investments to Albania, especially in textiles and ready-made clothing, the Albanian side suggested that the Chinese Bank open a branch in Tirana, a proposal that the Chinese welcomed. Eliminating the transfer of cash in sacks will encourage and guarantee the interests of Chinese businessmen in Albania. In the afternoon, the Albanian delegation visited the Forbidden City, one of the wonders of Chinese antiquity, and, in the evening, Chinese President Jiang hosted a dinner in the Great Palace of the People.

Smuggling to Montenegro Across Lake Shkoder

AU1801091196 Tirana GAZETA SHQIPTARE in Albanian 17 Jan 96 p 5

[Report by Ermal Mlika: "Lake Shkoder: Contraband for the Montenegrins Resumes"]

[FBIS Translated Text] Shkoder—The "golden age" of the embargo came to an end some time ago, but smuggling across Albania's largest lake seems to have started up again. Dozens of boats have again begun to set off every day for the opposite shore of the lake, carrying valuable goods and bringing back equally valuable foreign currency. The illegal trade is conducted under the noses of the Montenegrin guards, who have sequestered several boats laden with goods destined for the markets of the former Yugoslavia. The Han i Hotit border crossing is now deserted. The Montenegrin authorities have totally blockaded this customs point. Last Sunday [14 January], the Montenegrin Government introduced a new restrictive measure. An increased border crossing tax had already been in force, and Albanians crossing to Montenegro were already paying double the usual 10 German marks. Other restrictive measures were imposed on traders in flour, which indirectly led to serious difficulties in bread production, especially in the northern regions of Albania. The new measures of the Montenegrin authorities have done nothing but lend a fresh impetus to smuggling between the two neighboring populations, who have always been traditionally interested in exchanging their goods. Boats laden with goods that succeed in breaking the cordon of the Montenegrin border guards set off daily from Vlake, Kamice, and other lakeside villages. Challenging both their pursuers and the adverse winter weather, the small traders thus secure a subsistence for their families. The Montenegrin police have seized boats and confiscated goods, but this has not stemmed the increase in the number of smugglers' boats.

Wheat Subsidized To Stabilize Bread Supplies

AU1801090896 Tirana GAZETA SHQIPTARE in Albanian 17 Jan 96 p 3

[Report by Andrea Stefani: "'The Price of Bread Will Not Rise'"]

[FBIS Translated Text] Tirana—"There is no question of a shortage or a 'bread crisis,' but only a few problems caused by the rise in the price of flour," said Abdyl Sinani, Prime Minister Meksi's adviser on food and a man much sought after by the press in the last few days. He reconfirmed to GAZETA SHQIPTARE on the telephone the government's promise to subsidize flour and to ensure a normal bread supply for the population without a price increase. Nevertheless, reports of the dispatch of thousands of tonnes of wheat toward Albania's borders have not been able to reduce the crowds of people in front of the shops. However, a response has now been made to the worries of the bakers, who have been faced with rises in the price of flour on the international market. This concern has also focused the attention of the press in the last few days, and has even led to irregularities in the bread supply. The government's measures include removing customs tariffs on wheat and flour, waiving sales tax on small loaves, and a reduction in the prices charged to bakers for electricity, gas, oil, and coal. These measures follow others taken as early as December, when the price curve of cereals on the international market began its climb to the present level of $240 per tonne. Following the government's disbursement of $6 million to buy wheat a few days ago, Sinani says that the delivery of 10,000 tonnes of wheat from Macedonia will start on Friday [19 January]. This shipment will be transported from Bitola by a convoy of 40 trucks. At the end of January, a further 11,500 tonnes of grain are expected to arrive from Romania, part of the 30,000 tonnes granted by the Romanian Government. A final reply about the delivery of 20,000 tonnes of wheat from the EU is expected today. At the end of February or the beginning of March, the prime minister's adviser says, a further 24,000 tonnes of wheat will arrive at Albanian ports from the United States. At the same time, a contract with the Czech Republic that will add 30,000 tonnes of wheat to the state reserves is in its final stages. Besides this, another 50,000 tonnes of wheat will be bought on the European market.

Although this wheat will, for the most part, be bought at the increased world market prices, the state will subsidize the difference so that the mills will not sell the flour to the bakers at more than 26 or 27 leks per kilogram. Prime Minister Meksi himself said in an interview yesterday that the government, "regardless of the price at which it buys wheat abroad, will sell it to the flour mills at the same price as one year ago." He went on to emphasize that the attempts of some shopkeepers to raise the price of bread will not be permitted, because they violate the only price ceiling that exists on the Albanian market. Nevertheless, although calmly and without much confusion, people in Tirana and other towns have been obliged to try their patience once again in bread lines. The reduced supply of bread on the market has revived in some people their forgotten instincts to buy a few loaves over and above their family's requirements (just in case, who knows?). The government insists that this fear is unfounded.

Svishtov Opposes Belene Nuclear Plant Construction

AU1701172496 Sofia Khorizont Radio Network in Bulgarian 1400 GMT 17 Jan 96

[FBIS Translated Text] The construction of Belene nuclear power plant was the subject of a meeting in Svishtov between representatives of the local city council and experts from the Committee on Power Supply, the National Electricity Company, and Energoproekt.

The meeting was prompted by the statement sent by the Svishtov City Council to the National Assembly and Council of Ministers, in which it categorically opposes plans to complete construction of our second nuclear power plant.

Our correspondent, Katya Chorova, reports that after today's meeting the experts and representatives of Svishtov's population maintain their negative attitude to the construction of new nuclear facilities.

Christian-Agrarian Chairman Nominee for President

AU1301203396 Sofia Khorizont Radio Network in Bulgarian 1400 GMT 13 Jan 96

[FBIS Translated Text] The Christian-Agrarian Party has nominated its chairman, Ivan Glushkov, candidate in the elections for president of the Republic of Bulgaria. This decision was adopted by the party's National Council.

The candidacy will be additionally approved or withdrawn on the basis of whether the opposition will appear at the elections with a common candidate already at the first round of the presidential elections.

Ivan Glushkov was authorized to sign an agreement on the participation of the Christian-Agrarian Party in a confederation of parties and organizations based on the principles of Christian-democracy, if the independence of each of the confederation's members is preserved.

Islamic Bank To Open Branch in Kurdzhali

AU1101113696 Sofia TRUD in Bulgarian 9 Jan 96 p 7

[Staff report: "Islamic Bank To Open Branch in Kurdzhali"]

[FBIS Translated Text] Nedim Gendzhev, chairman of the Supreme Religious Muslim Council in Bulgaria, said on 8 January that the Islamic Bank will open a branch in Kurdzhali and another city in northern Bulgaria.

The branches will be financed by the Islamic League, and the mechanism will be specified during the Dr. Gendzhev's upcoming visit to Saudi Arabia. The bank will service a privatization fund.

Law on Foreign Trade in Arms, Equipment

96P20188A Sofia BULGARIAN BUSINESS NEWS in English 4-10, 11-17 Dec 95

[Text in two installments of "Foreign Trade in Arms and in Potential Dual-Use Goods and Technologies Control Act; Published in the Official Gazette Issue No. 102 of November 21st, 1995"]

[Vol 5, No 49, 4-10 Dec pp 9-10]

[FBIS Transcribed Text]

Chapter I

General Provisions

Article 1. (1) This Act regulates the terms and procedure for the conduct of foreign trade in arms and in goods and technologies with potential dual use and the control of the state over any such trade.

(2) Goods and technologies are "with potential dual use" if they have both civilian and military applications.

Article 2. The conduct of foreign trade pursuant to Article 1 shall be subject to control by the state for the purpose of protecting the national security and external interests of Bulgaria, building international confidence and stability, and honouring the international commitments of the Republic of Bulgaria.

Article 3. For the attainment of the purposes pursuant to Article 2, the public authorities, within the authority therein vested, may cooperate directly and exchange information with the respective competent authorities of other states, *inter alia* by concluding agreements on cooperation.

Article 4. (1) The State may restrict and prohibit the conduct of foreign trade in arms and in goods and technologies with potential dual use where:

a. the said trade is in conflict with the purposes indicated in Article 2;

b. the goods and technologies are intended or may be used for the development, production, processing, design, control, maintenance, storage and proliferation of any weapons of mass destruction;

c. the Republic of Bulgaria has acceded to international conventions on the nonproliferation of weapons or, in virtue of membership of international organizations, has assumed commitments to this effect, as well as where the UN Security Council has imposed sanctions in respect of a specific state. (2) A list of the arms and of the goods and technologies with potential dual use subject to application of the regulations pursuant to Paragraph 1 shall be determined by the Council of Ministers and shall be published in the *Official Gazette*.

Chapter II

Foreign Arms Trade Regulations

Article 5. (1) Foreign trade in arms shall be conducted in conformity with the requirements of this Act solely by commercial companies wherein a Bulgarian person or persons holds or hold an interest exceeding 50 percent.

(2) Foreign trade in arms shall be conducted in virtue of a licence granted for the conduct of business as applicable and an authorization for each particular transaction, issued by an authority which shall be designated by the Council of Ministers and which shall be headed by a government minister.

(3) Any licence and authorization shall be issued for a fixed term of validity. The scope of any licence shall be determined by the competent authority pursuant to Paragraph 2.

Article 6. The eligibility requirements which any commercial company applying for a licence and authorization must satisfy and the terms for revocation of a licence and authorization as granted shall be determined by the Regulations for Application of this Act in conformity with the purposes as indicated in Article 2.

Article 7. (1) should the need arise, the competent authority under Article 5, Paragraph 2 may consult other public authorities.

(2) In issuing licences and authorizations and for the purpose of ensuring verification, the competant authority may consult experts on matters which require special expertise.

(3) Stamp duty shall be charged for the issuing of a licence and authorization in amounts designated by the Council of Ministers.

Article 8. Arms shall be transported across the territory of the Republic of Bulgaria in virtue of an authorization for transit transportation, which shall designate the entrance and exit customs posts, the route and the time limit for passage. An authorization shall be issued for each particular case under the terms and according to the procedure established by the Regulations for Application of this Act.

Chapter III

Foreign-Trade Regulations on Potential Dual-Use Goods and Technologies

Article 9. (1) Any person may conduct foreign trade in goods and technologies with potential dual use in conformity with the requirements of this Act and in accordance with the effective legislation.

(2) Foreign trade in any goods and technologies with potential dual use subject to restrictions imposed according to the procedure established by Article 4 shall be conducted in virtue of an authorization for each particular transaction, issued by an authority designated by the Council of Ministers and headed by a government minister.

(3) Foreign trade in any goods and technologies with potential dual use contained in the list pursuant to Article 4, Paragraph 2, shall be conducted in virtue of a licence granted by the competent authority pursuant to Paragraph 2. To qualify for the issuing of an authorization for any transaction in goods or technologies of this type, any applicant must hold such a licence.

(4) Any licence and authorization pursuant to this Chapter shall be issued for a fixed term of validity, under the terms of and according to the procedure established by the Regulations for Application of this Act.

Article 10. (1) For the issuing of an authorization for each particular transaction, there shall be required a confirmation from the end-user regarding the end use of the goods or technology with potential dual use.

(2) In issuing licences and authorizations and for the purpose of ensuring verification, the competent authorities may consult experts on matters which require special expertise.

(3) Stamp duty shall be charged for the issuing of a licence and authorization in amounts designated by the Council of Ministers.

Article 11. The competent authority under Article 9, Paragraph 2 shall refuse to issue a licence or authorization or shall revoke any licence or authorization as granted where:

1. the documents required for the issuing thereof have not been submitted, or false or incomplete documents have been submitted;

2. the applicant has failed to comply within the established time limit with the terms and conditions whereupon the licence and authorization have been issued;

3. any circumstances exist which are in conflict with the purposes as indicated in Article 2;

4. any other circumstances occur as provided by this Act.

Article 12. Goods and technologies with potential dual use shall be transported across the territory of the Republic of Bulgaria in virtue of an authorization for transit transportation, which shall designate the entrance and exit customs posts, the route and the time limit for passage. An authorization shall be issued for each particular case under the terms and according to the procedure established by the Regulations for Application of this Act.

Article 13. Notwithstanding the instances pursuant to Article 4, there shall be required the issuing of an authorization for the conduct of foreign trade in goods and technologies with potential dual use where the exporter or importer knows, could be reasonably expected to have known, or has been given written notice by the competent authorities that:

1. the potential dual-use goods and technologies concerned may, in whole or in part, be used for the development, production, processing, design, control, maintenance, storage, or proliferation of any chemical, biological or nuclear weapons or for the design, production, maintenance or storage of missiles to deliver any chemical, biological or nuclear weapons which are regulated by international treaties on the prohibition or nonproliferation thereof;

2. the potential "dual-use" goods and technologies are destined for a country in respect whereof the UN Security Council has undertaken measures for the maintenance or restoration of international peace and security, or for a country wherewithin the territory hostilities are conducted or which is involved in a military conflict.

Chapter IV

Obligations of Persons Engaged in Foreign Trade

Article 14. Any person engaged in foreign trade in arms and goods and technologies subject to control pursuant to this Act shall be obligated:

1. to keep a separate register of any transactions which are conducted under the terms of this Act, and to keep the business and shipping documents and the information relevent to the implementation of the transaction for a period of not less than five years;

2. to comply with the terms and conditions whereupon said trade has been authorized, and to give the authorities immediate written notice of any change in the terms and conditions;

3. to list the name, official position and address of any representatives of the party to the transaction and of the end-user who are responsible for the fulfilment of obligations arising out of and in connection with the transaction, and to give immediate notice of any replacement of the said representatives;

4. to notify the competent public authorities of any probability of the potential dual-use goods and technologies subject to foreign trade being used in a manner described in Article 13.

Article 15. Any importer or exporter of arms must include a clause in the foreign trade contract whereby the buyer makes warranties that the arms as purchased may not be transferred to other natural or juristic persons without the express consent of the importer or exporter.

Article 16. Any licence or authorization obtained pursuant to this Act may be used solely by the person whereto the said licence or authorization have been granted. The reassignment of any such licence and authorization shall render the said licence or authorization invalid, and the assignor shall forfeit the rights arising therefrom.

Chapter V

The Verification of Compliance With the Foreign-Trade Regulations on Arms and Potential Dual-Use Goods and Technologies

Article 17. (1) The verification of compliance with the obligations and conditions arising from any licence or authorization as issued pursuant to this Act shall be ensured by the authorities which have issued the licence or authorization within the authority therein vested.

(2) Verification shall include inspections before and after the issuing of a licence or authorization for foreign trade pursuant to this Act.

(3) During the conduct of inspections, the control authorities pursuant to Paragraph 1 may:

a. require any information as may be necessary for the purpose of ensuring verification;

b. request the competent authorities of other states to furnish any information as may be necessary for the purpose of ensuring verification;

c. conduct inspections of the fulfilment of obligations by the parties to the transaction and by the end-user in the case of import.

(4) The authorities must safeguard the official, production and trade secrets of the persons controlled.

(5) Should there be reason to believe that a criminal offence has been committed, the authority designated by the Council of Ministers shall notify the prosecuting authorities.

(6) The conduct of inspections may involve representatives of a foreign state in conformity with the international commitments assumed by the Republic of Bulgaria in virtue of international treaties or membership of international organizations.

Article 18. A protocol shall be drawn up on the results of any inspection as conducted. Should there be reason to believe that a criminal offence has been committed, the officer who drew up the protocol shall send a copy thereof to the prosecuting authorities.

[Vol 5, No 50, 11-17 Dec p 9]

[FBIS Transcribed Text]

Chapter VI

Administrative Penalty Provisions and Fines

Article 19. Any natural person engaged in foreign trade in arms or goods with potential dual use, any representative of a party to any such transaction, and any end-user of arms or goods with potential dual use, who fails to fulfil any obligation thereof pursuant to Article 14 and 15, shall be liable to a fine of fifty thousand leva or exceeding this amount but not exceeding five hundred thousand leva, unless the act shall constitute a criminal offence.

Article 20. Any juristic person engaged in foreign trade that fails to fulfil any obligation thereof pursuant to Article 14 and 15 shall be liable to a fine equivilent to double the amount of the transaction price, as ascertained from the documents of the foreign trade contract.

Article 21. Any person who or which shall fail to comply with any other obligation arising from this Act will be liable, if a natural person, to a fine of twenty-five thousand leva or exceeding this amount but not exceeding two hundred and fifty thousand leva, unless liable to a severer punishment, and, if a juristic person, to a fine not exceeding five hundred thousand leva.

Article 22. (1) Written statements ascertaining the misdemeanours shall be drawn up by officers of the control authorities pursuant to Article 17, Paragraph 1.

(2) Penalty decrees shall be issued by the government minister heading the competent authority pursuant to Article 5, Paragraph 2, and Article 9, Paragraph 2.

(3) The drawing up of a written statements ascertaining the administrative misdemeanours, the imposition of administrative penalties, the appeal against and execution of penalty decrees shall follow the procedure established by the Administrative Misdemeanours and Penalties Act.

Supplementary Provision

Clause 1. In exceptional cases, where there may arise a threat to the national security of Bulgaria, of impairment of the external interests thereof, or of potential conflict with international obligations assumed thereby, the Council of Ministers may prohibit the import, export, re-export, or transit transportation of arms and goods and technologies with potential duel use, regardless of an issued licence and authorization.

Transitional and Final Provisions

Clause 2. In Article 5, Paragraph 3, Indent 1 of the Foreign Persons' Business Activity and Foreign Investment Protection Act (published in the *Official Gazette*issue No 8 of 1992; amended in issue No 92 of 1995), the words "and trade of" shall be replaced by the word "of."

Clause 3. In the Penal Code (published in the *Official Gazette* issue No 26 of 1968; corrected in issue No 29 of 1968; amended and supplemented in issue No 92 of 1969, issues No 26 and 27 of 1973, issue No 89 of 1974, issue No 95 of 1975, issue No 3 of 1977, issue No 54 of 1978, issue No 89 of 1979, issue No 28 of 1982; corrected in issue No 31 of 1982; amended and supplemented in issue No 44 of 1984 and issues No 41 and 79 of 1985; corrected in issue No 80 of 1985; amended and supplemented in issue No 89 of 1986; corrected in issue No 90 of 1986; amended in issues No 37, 91 and 99 of 1989, issues No 10, 31, and 81 of 1990, issues No 1 and 86 of 1991, issue No 54 of 1992, issue No 10 of 1993, and issue No 50 of 1995), the following Article shall be inserted:

"Article 233. (1) Any person who engages in foreign trade in goods and technologies with potential dual use without proper authorization shall be liable to a term of imprisonment not exceeding five years and to pay a fine not exceeding five hundred thousand leva.

(2) For an aggravated offence pursuant to Paragraph 1, the guilty party shall be punishable by a term of imprisonment exceeding three years but not exceeding eight years and by a fine not exceeding one million leva.

(3) For a petty offence pursuant to Paragraph 1, the guilty party shall be punishable by a fine not exceeding fifty thousand leva.

(4) Any goods with potential dual use used in a crime shall be confiscated irrespective of the ownership thereof

and, if missing or alienated, the state shall be awarded the money equivalent thereof, as ascertained from the documents of the foreign trade contract."

Clause 4. This Act shall enter into effect two months after the date of the *Official Gazette* publication thereof.

Clause 5. The implementation of this Act is assigned to the Council of Ministers which shall adopt Regulations for the Application thereof within one month after the entry of the said Act into effect.

CSSD To Discuss Foreign Policy With Havel

LD1801133696 Prague Radiozurnal Radio Network in Czech 1100 GMT 18 Jan 96

[FBIS Translated Text] This afternoon President Vaclav Havel will meet representatives of the Czech Social Democratic Party [CSSD]. The topic of the talks will be our foreign policy and also, according to CSSD Chairman Milos Zeman, the Czech-German declaration.

[Begin Zeman recording] During these talks we want to express unequivocally the constant viewpoint of the CSSD, namely that foreign policy should concentrate, above all, on the protection of Czech national interests. We think that the declaration has a meaning only if the German conservative government does not repeatedly table demands stemming from the wishes of the Sudeten German Landsmannschaft. We will acquaint the president with our viewpoint again. [end recording]

Commentary: German Talks Foreign Policy Flop

AU1701205196 Prague CESKY TYDENIK in Czech 16-18 Jan 96 p 3

[Commentary by Adam Drda: "A Czech Foreign Policy Flop"]

[FBIS Translated Text] The text of the Czech-German parliamentary declaration, which is supposed to guarantee good mutual relations in the future and, mainly, bring an end to the burdensome past once and for all, was originally to have been ready for ratification before the end of 1995. Despite the fact that the politicians (first and foremost, the Czech ones) regularly assured the public that it was all well on its way and that progress was being made in the talks, nothing positive happened. The points of view of the two countries have still not moved closer; they have merely been clarified. The Czechs have thus had an opportunity to find out for themselves that the German Federal Government will just not make a decision against either the will of the Sudeten Germans or of those who support them (that is, against the Bavarian Christian Social Union) as well as the fact that we are not of overriding importance for the FRG in the realm of foreign policy. On the other hand, the Germans have recognized that the well-known Czech attitude toward the postwar expellees is indeed uncompromising—a rather fundamental problem in political negotiations. In view of the missed deadline, it would be possible to talk about an absolute failure for Czech diplomacy. But is it just a failure or is it a downright foreign policy flop?

Foreign Minister Josef Zieleniec (Civic Democratic Party) was for a long time, at least in his public statements, full of optimism about the issue. An uneducated observer could think that he is pursuing a certain concept for which he has found support in German political circles. After all, this is what is done in international policy. The concept has to be realistic—that is, achievable—and the support must be provided by influential figures with an unshakeable position and a clear opinion on the issue. But let us look at it from a slightly broader perspective: The main objective of our foreign policy is full membership in the European Union. So, it would be logical to subordinate all of the other political courses of action to this objective. Inasmuch as neighboring Germany is our most important partner (not only as far as the EU is concerned), it is, it goes without saying, vital to get on well with it. If mutual relations are impaired slightly, a certain set (concept) of political steps has to be drawn up that would lead to the normalization of relations, while, nevertheless, still pursuing the interest of our own state. The failure of the aforementioned concept must not result in an even worse situation than the initial one.

It is, I think, already obvious from these observations that it is impossible to go into negotiations with an irreversible attitude—namely, our own political interests may be harmed far more by a nonsensical inability to compromise than by a necessary compromise oriented toward achieving a more worthwhile and, in the long term, valuable result. In our case, this is good relations with the FRG and membership in the EU.

Czech diplomacy made basic mistakes—it set itself a poor aim (a simple solution to the so-called Sudeten-German issue)—but it did not deal at all with the means necessary for achieving it. In other words, the concept in the question of Czech-German relations came to absolutely nothing and is coming to nothing on our side; it is the same with respect for reality and recognition of the priorities.

Czech talks with German political circles are a good illustration of this: Instead of preliminary talks with various politicians from which it would be possible to gauge what is feasible in Germany and instead of securing support among influential figures, Zieleniec and his people merely oriented themselves toward "kindred spirits." Later, however, these people mostly parted ways from the Czechs in terms of their views, such as Antje Vollmer (Greens), or became somewhat uninfluential, such as former FRG President Richard von Weizsaecker and, ultimately, Foreign Minister Klaus Kinkel (Free Democratic Party). The Czechs were unprepared for the talks; they did not gauge the situation in Germany at all. Czech Ambassador Jiri Grusa, who is not, after all, in Bonn as an ornament, also obviously failed for unknown reasons. The fact that the Germans are defending not only their own interests, but also the principles of the EU's legal system has remained completely overlooked; they cannot casually accede to the claim that thousands of people were expelled from their homes and deprived of their property completely justifiably.

The negotiations with the Germans would not have been condemned to failure in advance if Czech diplomacy had acted just a little responsibly. We could have spared ourselves the international shame, and the Czech Republic could have moved a little closer to the West. The moral aspects of the expulsions have already been described many times, and only he who does not want to discern it for some reason does not discern the crime of that time. The issue for the Czech state, however, has a sovereignly important political dimension that has not been fully appreciated. The repercussions of the Czech diplomatic extempore will obviously not be cheerful ones. Following Zieleniec's meeting with Kinkel (12 January 1996), it is clear that the talks can only move forward if the Czech side distances itself morally from the deportation of the Sudeten Germans. This will certainly not be before the elections, but, after them, will Czech politicians at least realize where the real state interests are? Or will they orient themselves toward some suspect German political grouping? Perhaps only the neocommunist Party of Democratic Socialism would today agree with the Czech stance on the expulsions.

Dlouhy on Difficulties With Cuba's Debt Repayment

LD1701155096 Prague Radiozurnal Radio Network in Czech 1200 GMT 17 Jan 96

[FBIS Translated Excerpt] Vladimir Dlouhy, Czech industry and trade minister, has returned from a working trip, during which he visited the United States, Venezuela, and Cuba. Immediately after arrival, the minister commented on Cuba's debt to the Czech Republic.

[Begin Dlouhy recording] It is difficult to determine what the size of the debt is because it is quoted only in the so-called transferable rubles, and these no longer exist. [passage omitted]

It is difficult to say what the size of the debt is because it has so far been impossible to agree with the Cuban side on the coefficient for converting the debt into convertible currencies, such as dollars, German marks, or Swiss francs. It was even questioned whether the debt should be recognized.

However, during my trip I secured a pledge of both the Central Bank's management and Cuban Government representatives that Cuba recognizes this debt. There is at least an indication that there is readiness to open talks about this matter. [end recording]

Minister Dlouhy went on to say that the Czech Republic could not count on the repayment of the debt in the next few years. Irrespective of this, a number of companies that already have claims on Cuba are investing in further projects, thus maintaining their position on this market.

U.S. Consulate Bugs Tied to Gasparovic U.S. Trip

AU1701154696

[FBIS Editorial Report] Bratislava SME in Slovak on 13 January on page 4 carries a 1,000-word interview with Igor Uhrik, former deputy chairman of the Slovak National Party, by Juraj Hrabko entitled "Ivan Gasparovic's Private Initiative." The interview, the place and date of which are not given, deals with "some previously unknown circumstances" of the visit to the United States in December 1992 by Ivan Gasparovic, chairman of the National Council of the Slovak Republic [NRSR].

Uhrik says that Gasparovic, who wanted to be received by U.S. President Bill Clinton, "sent out a signal that it was in the vital interest of the Slovak Republic that the meeting take place before 31 December. This signal, along with other circumstances, could be understood to mean that Mr. Gasparovic insisted on a meeting with the U.S. President even before the declaration of Slovakia's independence because Slovakia's security was under immediate threat." According to Uhrik, who was supposed to "mediate" Gasparovic's reception, Gasparovic "did not deny this interpretation," which was corroborated also by "other circumstances": "The reception was to be organized though private channels, which is highly uncommon and justifiable only in extraordinary situations; the Slovak Ministry of Foreign Relations did not participate in the preparation of the trip; and the trip was kept secret until the last moment and was camouflaged as a visit to Slovak expatriates in New York."

Uhrik goes on to say: "My American contact informed me that President Clinton does not receive representatives of foreign states before they officially assume their posts but that, in view of the urgency of the request, Mr. Gasparovic would be received by a member of the President's team for national security issues, Mr. Leon Fuerth, who is now Vice President Al Gore's national security adviser. The NRSR chairman could no longer back out and, while he was unable to hide his disappointment, he finally agreed."

Commenting on Gasparovic's reception in Washington, Uhrik then says: "Gasparovic did not mention the existence of any threat to security. Evidently, no such threat existed. It certainly did not help Slovakia's reputation when it became obvious that the NRSR chairman was irresponsibly pretending the existence of serious reasons for a meeting with the U.S. President."

In conclusion, Uhrik is asked about his own assessment of the reasons for Gasparovic's visit to the United States. Uhrik says: "The circumstances suggest that the reasons were private. The decision was being made then on who would become president of the Slovak Republic, and Mr. Gasparovic was a candidate waiting in the wings. The meeting with Bill Clinton was supposed to raise his prestige and improve his chances of gaining Movement for a Democratic Slovakia [HZDS] support. Other fascinating circumstances are also connected with this trip. It cannot be ruled out, for example, that the previously unexplained activation of bugs at the U.S. Consulate [in Bratislava] in late November—that is, when Gasparovic started to seek a meeting with the U.S. President—is also related. The bugs may have been activated by someone who wanted to thwart this meeting and stop Gasparovic on his way to the presidency. Of course, this is only a speculative theory. It is very likely, however, and it would also be understandable, that Vladimir Meciar did not let this private initiative by Ivan Gasparovic pass unchallenged. It can hardly be considered a coincidence that the decision on HZDS candidates was made during the NRSR chairman's three-day visit to the United States. On 21 December, one day before his return from Washington, the HZDS Political Board called on Roman Kovac and Michal Kovac to seek candidacy. Three weeks later, the HZDS Presidium was left with only the task of determining their sequence. Ivan Gasparovic found himself out of the game and his U.S. visit in the black book of Slovak diplomacy."

Commentary: CEFTA Could Serve as EU Substitute

AU1701154396 Bratislava NARODNA OBRODA in Slovak 16 Jan 96 p 3

[Commentary by Ivan Horsky: "CEFTA as a Substitute for the EU?"]

[FBIS Translated Text] For quite some time, it has been possible to observe efforts by the Slovak Government to intensify the activity of the Central European Free Trade Association (CEFTA). Moreover, Bratislava is chairing CEFTA this year. What is striking in this context is the emphasis that Slovak economic and foreign policy places on this thus far fairly insignificant free trade zone.

What is the reason for the Meciar Cabinet's increased interest in CEFTA? From a variety of possible answers to this question, at least two have a rational core.

The first: The present Slovak Government, in view of the as yet unclear timetable of the EU's enlargement, wants to create, by means of political tools, a relatively large economic zone between the EU and Russia or the Commonwealth of Independent States. However, this endeavor is running up against the natural barrier of the national and state interests of some of the member countries of this zone, such as the Czech Republic, Poland, and Hungary, which very vehemently insist on their early admission into the EU and consider CEFTA to be no more than a temporary advantageous economic tool. It seems that they would modify their attitude only if the EU's enlargement were to be intolerably postponed, for whatever reason, or if governments holding a different view came to power in Central Europe.

The second: Bratislava, in view of the EU's severe criticism of Slovakia's not always exactly exemplary domestic policies, criticism that could result in Slovakia's being relegated from the first league of candidates for EU admission (and this danger is more than evident), wants to build CEFTA as a substitute for membership in the largest European integration structure. The chief of Slovak diplomacy himself admitted this, indirectly, in Sunday's "Kroky" ["Steps," weekly television roundtable].

As regards its potential future members, one can say, without beating about the bush, that CEFTA would represent a union of "disinherited sons"—that is, postcommunist countries not accepted into the EU in the first wave. However, even the motives of these countries would be diverse. Slovenia, for example, which, in terms of potential and economic results, is unquestionably among the foremost candidates for EU membership, is a victim of the political decision to decide on its admission only after the stabilization of the situation in the area of former Yugoslavia. As a consequence of this decision and in view of geographic, economic, and, in particular, geopolitical factors, the prospective CEFTA members Romania and Bulgaria, too, do not have a chance to get into the EU in the foreseeable future.

Although these countries are, just like Slovakia, EU associate members, it is in their vital interest to be part of a certain larger structure that would not completely lose contact with the West, or also with the East, which for them is a supplier of strategic raw materials and a not negligible market for their goods.

If everything remained confined to this level, it would not be such a great strategy, even though it could jeopardize the far-reaching plans of major—one could say strategic—Slovak exporters, which are based on their direct entry into European integration. However, theoretically, it is necessary also to reckon with the possibility of CEFTA's being transformed into a political-economic organization that would associate the aforementioned "disinherited sons." From the strategic viewpoint, it could thus fill the much-discussed gray zone between the EU and NATO on the one side and Russia on the other, while its political orientation would stay ambivalent or could, according to need or accorded privileges, lean toward either side.

The authors of this idea realize the possible risks, however, and are therefore trying to minimize them or to demonstrate that their orientation is clear. This is borne out, for example, by the proposal that Israel, an EU associate country that simultaneously maintains a special important strategic alliance with the United States, also become a CEFTA member. However, CEFTA's eventual political orientation will not be decided only by its members. It cannot be in the interest of the EU and NATO that countries neighboring on them, including Slovakia, be excluded from the zone of stability and prosperity. However, the government in Bratislava has to realize that its subtle diplomatic blackmail, by means of the threat to create a rival organization [to the EU], perhaps even with a pro-Eastern orientation, could be counterproductive. Slovakia is just a pawn, though perhaps an important one, on the European chessboard. And in chess it is not uncommon to sacrifice even a well-positioned figure in the interest of victory.

DS Concerned About KGB Influence

AU1701145496 Bratislava SME in Slovak 13 Jan 96 p 3

[Report by "jo": "Democratic Party: Influence of KGB Officers"]

[FBIS Translated Text] Bratislava—By deepening Slovakia's strategic dependence on unstable Russia, the government is exposing its citizens and the economy to the long-term risk of unsolvable crises, Democratic Party [DS] Chairman Jan Langos said yesterday. He added that, while the Slovak economy is fully dependent on supplies of oil, gas, and, according to the contract now under preparation, nuclear fuel from Russia, the government has not prepared a method of survival in the event of longer-term interruption of these supplies. Regarding the civil servants' failure to respect the decision of the Supreme Court of the Slovak Republic on restoring the license to the PSIS [investment fund] and lifting the receivership imposed upon it, Jan Langos said that he would carry out a deputy's survey. The appointment of Y. Primakov as Russian minister of foreign affairs was a shockingly open demonstration of the influence that KGB and Army generals command over Russia's policy, the DS chairman said, and added that the position of KGB officer has been reinstated at the Russian Embassy in Slovakia. According to DS Deputy Chairman P. Osusky, the DS considers the ultimatum that the Council for Radio and Television Broadcasting issued to Radio Free Europe to be a case of intervention in the freedom of speech that casts the Slovak Republic far back into the pre-1989 period in terms of perception of media freedom.

Russian Embassy on Role of Intelligence Officer

AU1801091596 Bratislava PRAVDA in Slovak 16 Jan 96 p 2

[Report by TASR: "Statement of the Embassy of the Russian Federation on Democratic Party Representatives' Statements"]

[FBIS Translated Text] Bratislava—The Embassy of the Russian Federation has issued a statement in which it reacts to statements by some representatives of the Democratic Party on the nonexistent organization KGB and other pronouncements distorting the true meaning of events in Russia, which cast a shadow on Russian-Slovak relations. The embassy regards as unobjective and absurd the attempt to present the appointment of a new Russian minister of foreign affairs as signifying the "strengthening influence of KGB and Army generals on Russian policy."

It suffices to familiarize oneself with the biography of Yevgeniy Primakov, a leading scientist, academician, and well-known political official, and to get to know the practice of appointing and transferring officials in the countries of the West, the statement says. The embassy notes that official representatives of special Russian services are accredited abroad exclusively on the basis of an agreement with the governments of individual countries and on reciprocity. Their mission is to coordinate the struggle against international mafias, terrorism, illegal arms trade, and similar phenomena. The practice of cooperation among special services is common among democratic states and has become the international norm. Relations between Russia and Slovakia in the sphere of special services are also based on these principles, the standpoint says. The Embassy of the Russian Federation notes with regret that statements by the leading figures of some Slovak political entities commenting on current Russian-Slovak relations bear the imprint of the totalitarian past.

Civil Servants Made To Sign Loyalty Pledges

AU1701214196 Bratislava SME in Slovak 16 Jan 96 p 1

[Article by "uj": "Ministry of Health Employees Who Signed Loyalty to the Government Supposedly Did Not Do It for Free"]

[FBIS Translated Text] Bratislava—The Ministry of Health employees who signed a statement in which they express support for parliament and the government in their dispute with the president have supposedly received a large financial reward, equivalent to a multiple of a physician's average monthly salary. A similar document has been signed by the majority of Ministry of Education employees and was circulating around virtually all institutions of state administration. At the Ministry of Health, however, the document expressing loyalty to the government was signed by only 19 employees (mostly senior officials), although they were supposedly signing it under the threat of dismissal. The statement stresses that the signatories are rank-and-file employees without political functions and ambitions, but that they cannot be indifferent to the activities of politicians who are literally degrading our work at home and, above all, abroad. In the statement, they also express their regret over the fact that the president of the Slovak Republic has come to the forefront of political forces that wish Slovakia ill and systematically asserts only the will of the opposition. "It is a tragedy for our longed-for young state that it must go through this test of struggle for inappropriate powers," it is written in the text. As some Ministry of Health employees who had rejected the order to sign the statement have confirmed to SME, they do not know what repercussions this will have for them, and when. However, the minister's spokeswoman, who refused to sign the text, no longer works at the ministry.

[Bratislava PRAVDA in Slovak on 16 January on page 1 carries a 150-word report by "ms" entitled "They Are Collecting Civil Servants' Signatures." The report states that employees of the Ministry of Labor, Social Affairs, and the Family are being "offered for signature" the following text "these days": "We observe with concern and indignation the growing polarization on our political scene, which adversely affects the image of the whole country abroad. Slovakia is developing as a stable state, whose society is undergoing transformation and whose economy and society are developing in a peaceful manner. We therefore fully support the standpoints of the National Council of the Slovak Republic, the Government of the Slovak Republic, and the central bodies of state administration against the depreciation of our work at home and abroad and against political tension, which is damaging to the Slovak Republic." As the PRAVDA report goes on to say, "the statement does not specify who is depreciating the work of employees of the Ministry of Labor, Social Affairs, and the Family at home and abroad, or how. Similarly, the author of the text is not mentioned on the sheet."]

Weiss Denies HZDS-SDL Coalition Talks

AU1701214596 Bratislava NARODNA OBRODA in Slovak 16 Jan 96 p 2

[Report by "isa, ge": "Weiss Denies Talks on Joining Current Government Coalition"]

[FBIS Translated Text] Bratislava—Slovak National Party [SNS] Chairman Jan Slota said during the weekend that the Movement for a Democratic Slovakia [HZDS] had informed them about talks with the Party of the Democratic Left [SDL] about the SDL's possible entry into the coalition. SDL Chairman Peter Weiss yesterday denied the existence of such talks. According to Weiss, the SDL cannot simply join the coalition and give the okay to its policies heretofore. He said that a number of speculations and indecent proposals have surfaced, such as the statement by Sergej Kozlik [HZDS deputy chairman and deputy prime minister] that the condition for admission into the coalition is the president's dismissal. Weiss recalled the statement issued by 13 SDL deputies, according to which "the president's activity thus far does not meet a single constitutional condition for dismissal, let alone does it warrant the filing of high treason charges. The attitude of National Council of the Slovak Republic [NRSR] deputies for the SDL is and will always be in conformity with the Constitution, and no offers or campaign of slanders against some of them will change this."

According to Weiss, the SDL is ready and prepared to negotiate any time and with anyone on changing the contents of government policy and the manner of its execution. Joining the SNS [in the coalition] is unacceptable, however, the SDL chairman said.

Weiss did not concede the possibility of the HZDS's holding talks with a group outside the SDL leadership. This also applies to the SDL Council of Sections for Practical Policy, whose chairman, Juraj Hrasko, had admitted consultations with Vladimir Meciar. According to Peter Weiss, these consultations concern exclusively specialist issues.

Robert Fico: Let the HZDS Define Conditions for Another Party's Entry Into the Coalition

In yesterday's report of the daily SLOVENSKA REPUBLIKA on the 13 January session of the HZDS Republic Presidium in Smrdaky, editor Eva Zelenayova stated: "HZDS Chairman Vladimir Meciar pointed out that the opposition's criticism of the monochromatic composition of OKO (special parliamentary body for supervising the activity of the Slovak Information Service—editor's note) was unfounded because he had repeatedly asked the SDL to nominate one of its members [as OKO candidate], which has not happened, however. The status quo apparently suits them, Meciar said."

Approached by NARODNA OBRODA, Robert Fico, chairman of the SDL parliamentary club, reacted to Vladimir Meciar's claim with the words that no one had ever approached him on this matter in the NRSR. "The possibility to nominate an SDL deputy to OKO has never been proposed to us, nor have I ever received information from the SDL chairman that a political agreement had been reached in this matter at the level of party leaders and that this agreement should be implemented in parliament."

The same SLOVENSKA REPUBLIKA report stated, furthermore, that, according to Vladimir Meciar, the HZDS is open to the entry of further political entities into the coalition. The HZDS chairman stated that the split in the Democratic Union continues, that the Christian Democratic Movement is becoming increasingly militant, and that the SDL is still incapable of being clear about what it wants.

"Let the HZDS formulate the conditions and circumstances under which it would accept the entry of another party into the government coalition, or let it clearly say that admission to the coalition is not tied to any conditions that might affect such points of principle of our policy as the president-prime minister relationship," said Robert Fico in response to this statement.

Deputy Denies HZDS Split Over Basic Treaty

AU1701154896 Bratislava SLOVENSKA REPUBLIKA in Slovak 13 Jan 96 pp 1, 3

[Interview with Slovak HZDS Deputy Viliam Hornacek by Pavel Kapusta in Bratislava; date not given: "A Split Within the HZDS Is Just Wishful Thinking by the Opposition"]

[FBIS Translated Text] Bratislava—The fantasies of opposition politicians and domestic political commentators about an imminent split within the Movement for a Democratic Slovakia [HZDS]—which, apparently, is supposed to emerge due to the different views on the ratification of the Slovak-Hungarian basic treaty—appeared again recently in some of the mass media. In this connection, we turned to Viliam Hornacek, a HZDS deputy in the National Council of the Slovak Republic and also the chairman of the Society of the Slovak Intelligentsia—Korene [Roots] and the Permanent Conference of the Slovak Intelligentsia—Slovakia Plus.

[Kapusta] Mr. Hornacek, you are one of those in the HZDS who makes no secret of his reservations about the Slovak-Hungarian basic treaty and the circumstances surrounding its signing in Paris.

[Hornacek] The treaty could be a major step in the long-term process for a historical Slovak-Hungarian settlement. That is, we have been equal partners of the Hungarians for only a short time. The Hungarian side, however, will undoubtedly try to extract as much as possible from the treaty, taking advantage not only of the fact that we still lack experience on the international scene, but also of this year's 1,100th anniversary of the advent of Hungarians among Europe's civilized peoples. Therefore, in certain delicate matters, which this treaty undoubtedly is, it is necessary to make decisions very carefully.

[Kapusta] Your reservations concern, first and foremost, the contentious Council of Europe Recommendation No. 1201.

[Hornacek] Not only from my point of view is 1201 unacceptable to Slovakia; this is chiefly because its wording and interpretation make possible the implementation of collective rights for ethnic minorities. In this respect, the whole situation is evolving in accordance with the declarations of the minority politicians in Slovakia. They are expressing in public more and more frequently clearly formulated demands for autonomy. Max van der Stoel also conceded the possibility of its establishment recently when he said that our state is not obliged to guarantee it, but, at the same time, there is the possibility that it could become a reality under certain circumstances. These circumstances could arise, let us say, if the nationally conscious forces are not in power—that is, the treaty will be valid for 10 years.

[Kapusta] However, within the framework of the aforementioned recommendation No. 1201, there are certain safety valves that should prevent the realization of Hungarian irredentist dreams. Do you not consider them to be sufficient?

[Hornacek] These safety valves will be valid as long as there is enough political will and strength to implement them. As I have already mentioned, however, all sorts of things may change in the course of a decade. In addition, one of the conditions for a Slovak-Hungarian settlement also has to be a so-called clean slate. This involves an apology from the Hungarian side for 1,000 years of oppression, discrimination, and ethnocide of the Slovak nation. Knowing the mentality of our southern neighbors, we cannot count on the Hungarians apologizing to us after the ratification of the treaty. I would like to remind you that the Russian-Hungarian treaty signed in 1991 was only ratified in 1995, when the Hungarians got a passage in the adopted text condemning the military aggression by the Soviets in their country in 1956. Therefore, until certain contentious issues are resolved, it is unnecessary to hurry with the ratification of the Slovak-Hungarian treaty.

[Kapusta] Opposition politicians claim that the treaty could in the end become a bone of contention instead of being a reconciling factor. In this context, many people are even talking about a split within the HZDS.

[Hornacek] It is impossible to talk about a split. If someone has a different opinion on a certain issue from, let us say, the majority of HZDS members, this does not mean that there is a split—or even collapse—underway within the movement. I have never been interested in disuniting it because I am aware of the huge responsibility that pertains to it as the only political force capable of defending—naturally, along with the parties in the ruling coalition—Slovakia's interests. The fantasy about the movement's collapse can only be regarded as the wishful—albeit unwishful—thinking of the opposition.

National Population Estimated at 5.4 Million

AU1601162396 Bratislava PRAVDA in Slovak 13 Jan 96 p 1

[Report by CTK: "The Slovak Republic Has a Population of 5.371 Million"]

[FBIS Translated Text] Bratislava—According to a preliminary estimate of the Slovak Statistical Office, the Slovak Republic had a population of 5.371 million as of 31 December 1995. Compared with the end of 1994, this means an increase of approximately 15,000 persons. Of the Slovak Republic's total population, 59.6 percent are of working age, 17.5 percent of retirement age, and the remainder are children. A total of approximately 1.173 million persons—that is, 22 percent of the population—were collecting pensions as of 31 December 1995.

Kovacs Finds New Romanian Proposals 'Interesting'

AU1701153696 Budapest NEPSZABADSAG in Hungarian 17 Jan 96 pp 1, 3

[Correspondent's report: "Kovacs Finds Bucharest's New Negotiating Proposals Interesting"]

[FBIS Translated Text] According to Foreign Minister Laszlo Kovacs, Bucharest has not yet contacted the Hungarian Foreign Ministry with the idea of holding a Romanian-Hungarian-French-German meeting on the lessons of the German-French reconciliation. Laszlo Kovacs regards the idea as interesting and told us that Hungary would not distance itself from such a meeting and would not oppose such a meeting. However, the foreign minister thinks that, because of quite different circumstances, the lessons of the German-French reconciliation process are less suitable for Hungarian-Romanian relations.

Ansering a NEPSZABADSAG question, Laszlo Kovacs said that it is more the result of the reconciliation process that can justifiably be regarded as a model. Bucharest has initiated a four-party debate on the French-German reconciliation model with the participation of Romania, Hungary, Germany, and France. All this transpired from the talks between Romanian Foreign Minister Teodor Melescanu and French European Affairs Minister Michel Barnier in Romania on 16 January.

According to our Bucharest correspondent's report, it only transpires from reports on this meeting that the proposal on the four-party talks was made by the Romanian side, but it is not quite clear what type of talks they have in mind. Romanian Foreign Ministry Spokesman Sorin Ducaru said that press reports did not convey clearly Melescanu's statement after the bilateral meeting when these reports mentioned that, on the occasion of his meeting with Michel Barnier, Teodor Melescanu "proposed to convene a four-party meeting in connection with the Romanian-Hungarian and Romanian-Ukrainian relations, with the participation of Romania, Hungary, Germany, and France, to discuss the French-German reconciliation model and its use in the Romanian-Hungarian reconciliation process."

Sorin Ducaru declared that the issue at hand is not four-party political or diplomatic talks; the matter is simply that, speaking about the Romanian actions connected with the reconciliation initiative, Melescanu told Michel Barnier that Bucharest is considering the possibility of organizing a scientific seminar on this issue sometime in early spring, perhaps in March. In this connection, the Romanian Foreign Ministry is thinking of inviting representatives of Hungarian, German, and French scientific circles, in addition to representatives from Romanian scientific and academic circles. Michel Barnier regarded this as a very good idea. So, we are talking more of a scientific seminar, rather than a political meeting.

Minister Discusses Secret Service Activity

AU1601171396 Budapest NEPSZABADSAG in Hungarian 13 Jan 96 pp 1, 8

[Unattributed interview with Istvan Nikolits, minister without portfolio in charge of civilian secret services; place and date not given: "Economy and Politics Should Be Separate From Each Other"]

[FBIS Translated Text] [NEPSZABADSAG] According to both Austrian and Hungarian news reports, the letter bomb that exploded in Graz was addressed to a POB in Koszeg. Mr Nikolits, is there any further information about this issue that you could tell the public?

[Nikolits] As far as I know, the affair does not have any threads that would threaten a Hungarian citizen or institution.

[NEPSZABADSAG] Do you mean by this that the addressee of the letter bomb was not a Hungarian?

[Nikolits] Yes.

[NEPSZABADSAG] Is the Austrian news report true, according to which the ominous POB was rented by a hostess service, mainly specialized in acquainting Hungarian girls with Austrian men, so there can be foreigner hatred in the background?

[Nikolits] This is also one of the possible explanations.

[NEPSZABADSAG] Obviously you contacted the Austrian authorities on this affair.

[Nikolits] This formulation is too strong. We regularly exchange information in the framework of a general and constant work contact.

[NEPSZABADSAG] Do we have similarly good contacts with the CIA? This is particularly interesting in view of the fact that U.S. troops are stationed in Kaposvar.

[Nikolits] Our contacts are alive. The presence of U.S. troops here does not represent extra work for the Hungarian counterintelligence and antiterror units, but this makes it necessary to carry out our usual tasks more efficiently.

It Was a Wise Decision

[NEPSZABADSAG] While he was minister without portfolio in charge of the secret services, Peter Boross said that, after the change in the regime in Hungary, the CIA requested the list of Hungarian agents working against the United States, but he refused to provide this list. Has this "request" been repeated?

[Nikolits] Mr. Boross decided very correctly and wisely, and I respect him for that. This was an unfriendly gesture on the part of the United States, and divulging the network would have grounded the entire Hungarian intelligence service. Peter Boross's attitude elicited respect in this profession at an international level as well.

[NEPSZABADSAG] Has this "request" been repeated?

[Nikolits] No, but it would be useless for anyone to do so. One can get information in the most efficient way from agents. The intelligence service would become paralyzed without agents.

[NEPSZABADSAG] What is the level of preparedness of the Hungarian intelligence? For example, the Hungarian secret services failed to find the perpetrators of the bomb attacks in Szeged and Budapest.

[Nikolits] The Hungarian secret services are well-prepared, even if they have not yet succeeded in finding the perpetrators of these bomb attacks. Our biggest problem in this case is that, so far, we have not found any trace to follow.

[NEPSZABADSAG] Are you still investigating the issue?

[Nikolits] Of course. Such an affair is open as long as the perpetrators are free.

[NEPSZABADSAG] Do you have any idea why the series of attacks stopped?

[Nikolits] We do not know why but, fortunately, they stopped.

[NEPSZABADSAG] Are the Hungarian secret services preparing for the possibility that extremist elements might demonstrate on 15 March, just like on 23 October?

[Nikolits] So far, I have not received any sign attesting to the possibility that extremists might disturb the celebrations. If we get such information, we will act according to our own possibilities. In this case, the secret services can only fulfill the role of a source of information, because open action is the task of the police. Unfortunately, the laws currently in force do not provide clear formulation on the possibility of acting against extremist elements.

[NEPSZABADSAG] The planned modification of the Penal Code would provide broader authority than previously to act against extremists. Do you regard these modifications in the bill as sufficient?

[Nikolits] This will still cause a lot of debate, because there are people who fear that tougher regulations will have a detrimental effect on our democracy. I hope the proposals will not be diluted.

[NEPSZABADSAG] The recently published new national security law provides opportunities for the secret services to continue to fight against organized crime and corruption. Do you regard the debate with the Interior Ministry on this issue as terminated?

[Nikolits] Daily activity in the struggle against organized crime is the task of the police. However, there are areas in government activity where economic issues intertwine with the secure functioning of the country. Secret services are gathering information in this sphere. In other words, they do not work as a shadow police. Our argument with the Interior Ministry has come to an end; in my view, the two organizations supplement and support each other.

According to Three Schemes

[NEPSZABADSAG] We learned that you particiated in the government investigation of the affair the opposition calls oilgate. What conclusions did you come to?

[Nikolits] I participated in this investigation in the sense that, to facilitate a secure and smooth supply, the secret services consistently follow the activity of Mol Ltd. We handed the relevant information over to Elemer Kiss, administrative state secretary of the Prime Minister's Office, who led the investigation. We will also hand over the same information to the parliamentary committee set up to investigate the affair.

[NEPSZABADSAG] What lessons did you draw from this affair?

[Nikolits] It would be expedient to firmly separate the economy from politics. I know that, for the time being, this is only a desire, but we must strive to draw the line between the two as clearly as possible. I agree with the conclusion that there was no crime involved here. However, I find it unfortunate that certain personal contacts could be mentioned here.

[NEPSZABADSAG] Is there a similar bomb ticking under the government seat?

[Nikolits] I hope not.

[NEPSZABADSAG] When will you start the security check of persons in important and sensitive jobs, something the new law also allows?

[Nikolits] The law becomes valid 90 days after it is announced. I hope the first investigations can start in April, and I think this is very important because, in this respect, the state's defense mechanism did not work in recent years. No country can allow itself the luxury of having state secrets get into the hands of persons about whom one knows almost nothing. This particularly applies to Hungary, where a lot of people settled and took jobs in recent years.

[NEPSZABADSAG] How many people are affected by this investigation?

[Nikolits] Some 5,000-6,000 people. We will carry out the investigation according to three different schemes, depending on the type and information the individual in question possesses.

[NEPSZABADSAG] Will you tell us, for example, what will be the pace of the strictest C-type investigation?

[Nikolits] The person in question will have to fill out a form which the secret services will compare with the existing personnel and criminal records. If we find any suspicious difference, we will gather supplementary data and carry out a background analysis and, failing all else, we will use secret service means. Naturally, we will observe the rules stipulated by the law.

[NEPSZABADSAG] Will the person in question agree to this investigation?

[Nikolits] Of course, this is one of the conditions of the investigation.

[NEPSZABADSAG] What if he does not agree?

[Nikolits] Then he has no place among people fulfilling important and sensitive jobs.

[NEPSZABADSAG] What will the Hungarian secret service do if the person in question admits in the C form that he had contacts with foreign intelligence?

[Nikolits] Theoretically, we should know about this. If not, we will have a chat with the person in question.

[NEPSZABADSAG] How will you make sure that the persons in question really tell the truth in this paragraph?

[Nikolits] Leave that to us.

It Is Not the Fault of the Press

[NEPSZABADSAG] In recent months, several leading politicians found it alarming that information and references appeared in the press that bordered the violation of state secrets and official secrets. Do you also find these things alarming?

[Nikolits] I deal seriously with this, but I do not blame the press for this; instead, I blame the offices that give out confidential information and documents. In my view, this attitude should be prosecuted.

[NEPSZABADSAG] Has there been any case in which you had to take a stand against state administration members because of leaking secrets?

[Nikolits] Basically, this is not our task; this is the task of the heads of individual ministries. According to my information, unfortunately very few ministers have made use of their opportunity to call people to account. In my colleagues' place, I would not tolerate continuous leaking of confidential information and documents to the press from any ministry. After the national security law becomes valid, the secret services will be obliged to take a stand against those who violate state secrets. Of course, I do not mean here the journalists.

Privatization Minister Sees Social Conflicts

AU1801094396 Budapest NEPSZAVA in Hungarian 17 Jan 96 pp 1, 5

[Interview with Tamas Suchman, minister without portfolio in charge of privatization, by Sara Pogany; place and date not given: "According to Suchman, We Do Not Need Chilean Type Modernization—Privatization Minister's Exclusive Interview to NEPSZAVA"]

[FBIS Translated Text] Minister Tamas Suchman will submit his proposal on the use of additional privatization incomes at the 18 January government session. The minister insists on his former stance. If he is defeated at the government session, he still will not consider resignation because he intends to remain in his position as long as he enjoys the prime minister's confidence.

[Pogany] At your last news conference, you announced that you have some ideas on how to spend the additional privatization incomes: They would help reduce the country's debt stock and could also be a means toward achieving development and investment goals which further stimulate economic growth. Have you drawn up your proposals and will the public administration cabinet and the economic cabinet discuss them before the government session?

[Suchman] I will present some proposals at the government session. As I have already said before, in the decision preparation phase I do not wish to say anything about this because I will keep to the prime minister's request.

[Pogany] On what basis will the Prime Minister's Office prepare the decision if you only wish to inform them on this at the government session? Finance Minister Lajos Borkos told NEPSZAVA that his ministry did not receive an official request at the previous government session in connection with this.

[Suchman] I have already said that I do not wish to talk about this until the government decision.

[Pogany] According to the Hungarian National Bank and professor Kornai, who explained his position on this issue at the prime minister's request, the issue can be the fate, obviously with a compromise, of a maximum of 35 billion forints. Do you still insist on nearly double this amount? Does this affect, for example, the capitalization of the Eximbank, the MBFB [Hungarian Investment and Development Bank], and the Financial Institute Center, or the repeated reorganization of the 14 large companies awaiting privatization?

[Suchman] I have already indicated that I will not make my ideas public before the government decision.

[Pogany] Then let us talk about the 1996 privatization strategy.

[Suchman] We are still working on it, and as soon as we are ready, I will inform the public. I can say in connection with the above that I am not bothered by the fact that many people do not agree with my ideas, probably because they do not sense the changes in the Hungarian economy. They are not in the thick of life. In addition, I refuse any accusations that I am trying to solve the fate of the additional privatization incomes with former state-party methods. A market economy is indeed being created here where only explicitly market-based methods can dominate. A dynamic development has started, and most of the players in the economy are talented and creative people. Let us just think about the number of new western markets these enterprises have entered, and they have equal chances also in recapturing the former eastern markets. This is one side. The other is that large masses of society do not sense any of this, or at least very little at the moment. I, as a politician of the Hungarian Socialist Party [MSZP], am living in a double squeeze of having to realize that a welfare market economy can only be established with the most modern capitalist means, and a Socialist government is left with this task. With hindsight, I agree with [former finance minister] Laszlo Bekesi who risked the statement that, for this very reason, it should have been very carefully considered whether this party should have taken on governing. It is a different matter that this was a belated idea in the Hajos period [reference to MSZP members' meeting in Hajos], because we had been in government for a year last August. No known methods exist of how this can be done well, we must take the given situation as a basis. The press is very much to be blamed for making scandals out of issues; therefore, it is no wonder that the total social image is confused. At the same time, we must meet the expectations of our citizens as well as those of the international public. Having mentioned Bekesi, let me refer to former prime minister Jozsef Antall, whom I still respect very much for having said that society should not be blamed for the excessive consumption of the previous years. Rather, we must strive consistently to eliminate the contradictions. However, only a government which has empathy and handles society as adult is able to do this. This left-wing dominated government does have this possibility. Therefore, rather than with unfeeling technocrats, it is only possible to carry this through with left-wing technocrats, in a teamwork which accepts this as a historic task. I am still in favor of stabilization and reforms, but I am convinced that Hungary does not need a Chilean type modernization.

[Pogany] For how long have you not been talking to Bokros? In a grossly degrading way for both of you, some people simplify your dispute to the fact that in privatization, which has also gained the recognition of the international public, your role was that of a horse-trader, and the finance minister came in after the result, as the "defterdar" [financial leader of an administrative area] in the Ottoman empire used to do. Others guess that the Marcali branch leader of the Budapest Bank now wants to hit back at his former boss.

[Suchman] I have always known, especially since I started to work in politics, that I am a son of a successful people with rich imagination. So much for commenting on the speculations. However, I would like to state very firmly that we never had any conflicts with Bokros while we worked for the Budapest Bank. I intend to describe our current relationship and the road leading to it in my future memoirs. So much for this.

[Pogany] Now, as a minister, you are still touring the country regularly, just as you did when you were an opposition deputy. Does the experience gained in your tours make you say this?

[Suchman] Society is tremendously disappointed, but people are still willing to make sacrifices when they can see that this government conducts honest politics. However, this requires trust. In 1994, citizens decided to replace the previous government because they could feel that, without anyone having explained it to them, the country was being swept into a dangerous situation. They knew that this had to be changed. However, society was still in a relatively good situation, the state's welfare provision system was still functioning safely while, true, the state was going toward bankruptcy. I continue to trust that the Socialist party will be able to resolve the above duality. Economic history—I am thinking, for example, of the reconstruction after the war, the recovery from various world economic crises, or the Southeast Asian countries that are said to be little tigers—has shown several success stories in the past decades. Why could we not be successful, too? We are a talented people, and I am convinced that we were born for success. However, society's support and the feedback of politics are essential for this in the interest of common burdens and common sacrifices. Hungarian society had the right to cherish hopes and, I risk, illusions in connection with this government. However, it also has the right to question the government about the requirements set against it. Touring provincial Hungary, I can see that very many people have used up their material reserves and we need not be surprised that people are forced to do illegal labor. Families have to be fed. However, a period may come when we will have to recognize that neither the government nor society has anywhere to back off, because the stratum, which cannot bear any more burdens, numbers a million. The 33 of us, when we were still in opposition, contributed with our four years of work to the party's victory at the 1994 elections. In my opinion, none of us has the right to forget about our pledges and our election promises.

[Pogany] From your words, it seems that the former tough opposition deputy is returning to his original, basically politician identity. Have you considered your resignation?

[Suchman] I have arrived at the peak of my personal career. There is one thing I would not like to do, namely, to have to stand up for those for whom I have always fought and whose confidence put me here as a member of the government but with the old opposition methods. Even in the ministerial chair, I have not forgotten from where I had started. I have always been and will remain to be performance oriented. To your question, all I can say is that, as long as I enjoy the prime minister's confidence, I will perform and continue my work with special effort.

FKGP Continues To Lead Popularity List

AU1001103396 Budapest NEPSZABADSAG in Hungarian 8 Jan 96 pp 1, 4

[Correspondent's report on results of opinion poll on popularity of political parties in Hungary: "FKGP, MSZP Continue To Lead"]

[FBIS Translated Text] The Independent Smallholders' Party [FKGP] preserved its leading position on the list of political parties' popularity, although its current advantage over the Hungarian Socialist Party [MSZP] is minimal (only 1 percent). This can be regarded as the most interesting result of the latest opinion poll survey carried out by the Szonda Ipsos in December 1995.

Support for governing parties increased by 1 percent from November to December 1995, and support for the Christian Democratic People's Party [KDNP] decreased by the same 1 percent, but these changes are not significant statistically. Support for the FKGP changed in the opposite direction, but also slightly: 2 percent fewer people voted for this party in December, compared with November 1995.

Besides, December was not a favorable month for the FKGP, and the other indicators also deteriorated slightly. For example, the number of people opposing this party increased from 15 percent to 19 percent, and the number of people who think this party would win the election if held today also dropped slightly from 35 percent to 33 percent.

However, the year 1995 brought success for the FKGP. At the beginning of 1995, 8-9 percent of voting-age people supported this party; this support almost doubled today, to 15-17 percent. The drop in support for the MSZP was the other important change of 1995, a drop from 19-21 percent to 13-14 percent. The increase in the number of people showing a marked opposition to the MSZP from one-tenth to two-tenths also shows the more negative evaluation of this party. The social basis of the two parties changed in an opposite direction: The social basis of the FKGP became wider, while that of the MSZP became narrower. At the same time, the FKGP continues to be mostly the party of lower social strata, of people living in villages, rather than the party of higher social strata and people living in towns.

The year 1995 also brought results for the Federation of Young Democrats [FIDESZ]: support for the FIDESZ grew from 4-5 percent to 7-8 percent. Support for the Alliance of Free Democrats [SZDSZ] varied between 9 and 12 percent, but we could not find any specific trend.

The public dealt less with the Hungarian Democratic Forum [MDF] than in previous years. Nor did this party divide the public to the same extent as in previous years. The camp of MDF supporters is relatively stable, namely, between 5 and 7 percent. However, the number of MDF opposers decreased in the course of 1995, from 10-11 percent to 6-7 percent. The KDNP had the most stable data in the course of 1995, with 5 percent of the population supporting this party all through the year, and 6 percent of the population mentioned the KDNP as the second most popular party, and 2 percent showed antipathy toward this party. The political parties outside parliament have a modest basis of supporters; only the Workers' Party reached 2 percent, and sometimes even exceeded 2 percent. Antipathy was bigger, however, with 3-4 percent of the people speaking negatively about the Workers' Party, and 7-8 percent of the people speaking negatively about the Hungarian Justice and Life Party [MIEP]. The overall support for the governing and the opposition parties changed in an opposite direction up to August 1995. As a result, the camp of supporters of opposition parties was 1.5 times bigger than the camp of supporters of the governing parties. However, this trend has slowed down since then, and even took an oposite direction in December. The number of people who would not participate in elections held today or who do not find a party they would vote for exceeds the number of supporters of both political blocs. At the same time, it is an important result that this group did not become bigger in 1995, with close to four-tenths of the population belonging to this group. Although they feel no sympathy toward any party, a part of these people can name an antipathic party. However, one quarter of the voting-age population show neither positive nor negative attitude toward the political parties.

Russian IFOR Troops To Cross Hungary by Train

AU1801133496 Budapest NEPSZABADSAG in Hungarian 18 Jan 96 p 3

[Correspondent's report: "The Advanced Guard of the Hungarian Technical Battalion Arrives on Croatian Territory"]

[FBIS Translated Text] The Russian IFOR [Implementation Force] troops are crossing Hungary not only by air but also by rail. Speaking to the Hungarian Television news program, Defense Minister Gyorgy Keleti said that the decision of the Hungarian parliament allows any IFOR troops to transit Hungary, irrespective of nationality. Some 11 Russian trains will cross the border at Csap at the end of this week and will leave Hungary after a nonstop journey of about 8-10 hours by the shortest route.

OSCE: Refugees Abroad May Vote in Elections

AU1701082896 Paris AFP in English 0201 GMT 17 Jan 96

[Report by Antoine Jacob]

[FBIS Transcribed Excerpt] Stockholm, Jan 17 (AFP) — An international meeting on organising elections in Bosnia concluded that the hundreds of thousands of refugees from the conflict should not have to return home to be able to vote, Swedish diplomat Anders Bjurner said here Tuesday [16 January].

This was one of a host of recommendations that emerged from the two-day meeting of some 120 experts and representatives of a score of countries, including delegates from the warring sides.

But they also said that the return of the refugees should have begun, free media should be set up and freedom of expression and movement assured before the elections.

Political parties should not be ethnically-based, confidence- building measures must be introduced, and the protection of human rights guaranteed, one of the two working groups studying the problem had concluded, Andjers said.

The group also urged the creation of a strong and impartial police force, stressed the importance of the NATO-led peace enforcement mission, IFOR [Implementation Force], and called on the international community to help financially in the organisation of the elections.

Under the Bosnian peace accord signed last month, the elections, to be organised by the Organisation for Security and Cooperation in Europe, may be held as early as June 14 and must take place no later than September 14.

Andjers, a junior foreign minister, said the other working group considering the technical aspects, had recommended that voting be on a proportional representation system, that district elections be held at the same time as voting for the parliamentary assemblies and the two presidents, but that municipal elections be put off until later.

Monitoring of the election process should begin at least three months beforehand, the meeting suggested, but no date was suggested for the voting.

Under the Dayton accords, Bosnia-Herzegovina is to become a federal state split almost equally between a Moslem-Croat federation and a Serb Republic. The elections, based on the 1991 census, will choose a federal parliament and an assembly and president for each entity. [passage omitted]

The civilian "High Representative" for Bosnia appointed under Dayton, former Swedish prime minister Carl Bildt, said in Bern Tuesday that he was confident elections could be held by mid-September.

"It would be nice to have more time but I think that if elections were to be delayed, and especially for a time after IFOR leaves, that would be a fundamental blow to the entire process," he said.

The elections are "one of the most critical and decisive elements" of the peace process, Bildt said after a two-hour meeting with Swiss foreign minister Flavio Cotti, who currently holds the rotating chairmanship of the OSCE.

Government Presents Stance on POW Exchange

AU1701172396 Sarajevo Radio Bosnia-Herzegovina Network in Serbo-Croatian 1400 GMT 17 Jan 96

[FBIS Translated Text] At a news conference today, Bosnia-Herzegovina Foreign Minister Muhamed Sacirbegovic addressed domestic and foreign correspondents on why an exchange of prisoners was not carried out. Stevo Latinovic reports:

[Begin recording] [Latinovic] Not carrying out the prisoner exchange does not mean giving up the Dayton accord. In fact, it means [passage indistinct]. Minister Sacirbegovic expressed the government's stand [words indistinct] in English and [words indistinct] Foreign Ministry spokesman Mirza Hajric then [words indistinct]:

[Hajric] Everyone who is alive must be released as the Dayton accord stipulates. Bosnia-Herzegovina demands the full and comprehensive implementation of the Dayton peace agreement. Article 9, Chapter 1 of Annex 1 says that all sides will release and exchange without any delay all soldiers and civilians who have been imprisoned in connection with the conflict. This paragraph also obligates all the sides to draw up complete prisoners lists and ensure the International Red Cross full and unobstructed access to all places where prisoners have been kept and full access to all (?prisoners).

As envisaged in the Dayton accord, all prisoners and civilians, including those who are being kept in forced labor camps, must be released. The Dayton accord makes no distinction between soldiers and civilians, so we do not need to and should not do so.

The list of prisoners has been compiled by the ICRC, non-governmental organizations registered with the United Nations, and, of course, the Pale Serbs. It is said in the Dayton accord that according to international law, all prisoners on the lists must be released and/or registered. Any new list that the Pale Serbs have made in the meantime cannot now be accepted without an explanation of facts that have been [words indistinct].

This is not a question of principle or a question of [word indistinct]. We should be clear about it: Accepting an incomplete list brings danger to those who are alive, but deliberately or in some other way omitted from the list of prisoners to be exchanged be.

Finally, last week we exchanged some prisoners of war with the Pale Serbs. In that exchange, offered to us were persons about whom we before did not have any proofs of being in Serb prisons. In order to be able to increase the possibility of finding unregistered prisoners in secret or mobile prisoner camps, we must be given the possibility of undisturbed and unannounced [word indistinct] with IFOR and the ICRC. This has already been included into the theoretic right on freedom of movement, which applies to the territory of our entire state.

We demand of the IFOR that it, in cooperation with the ICRC and possibly other relevant authorities, help in establishing a team that would implement practical measures and investigation with a view to enabling the implementation of the parts of [words indistinct] agreement. This team should be established by 19 January 1996.

According to international law and the Dayton agreement provisions, we, IFOR, and other relevant authorities should have the right of full, undisturbed, and direct freedom of movement to all possible mass graves. In this connection, we are ready to join all elements of prisoner exchange programs if IFOR ensures free access to at least two locations at which it is assumed there are mass graves — in the vicinity of Ljubija and Srebrenica — and do so within three days after the prisoners are released. This is not a political but a humanitarian issue. Families of the missing persons have the right to know the fate of their loved ones, and we are obligated to make it possible for them to receive this information. All of those alive must be released because we obligated ourselves in Dayton. [end recording]

Silajdzic Warns of Explosive Mostar Situation

LD1801115896 Belgrade SRNA in Serbo-Croatian 1012 GMT 18 Jan 96

[FBIS Translated Text] Sarajevo, 18 Jan (SRNA) — Haris Silajdzic, prime minister of the [federal] Muslim government, confirmed yesterday that there were fierce clashes between the Croat Defense Council [HVO] and Muslim units in the Usora region.

In a statement for Muslim television in Sarajevo, Silajdzic said that instead of withdrawing, as envisioned by the Dayton Agreement, HVO units advanced two km into Muslim territory.

Directing strong accusations against Zagreb and the authorities of the Croat Republic of Herzeg-Bosnia of obstructing the peace agreement, Siljadzic said that "the situation in Mostar is on the brink of an explosion."

"Nowhere in western Herzegovina, even as far as Mostar and Kiseljak, can you see anything but Croatian emblems, flags, soldiers, Croatian goods and money. This is in effect a Greater Croatia," Silajdzic said.

He reiterated his view that if Hans Koschnick, the EU administrator of Mostar, "is not able to resolve the situation in the town within seven days, then it would be honorable for him to resign."

Silajdzic accused the Croat authorities of ordering the destruction of all Muslim homes in Stolac during the Christmas and New Year holidays, adding that here, during the 1993 war, the Croats "committed terrible atrocities against Muslim civilians which the public does not know about."

EU's Koschnick on IFOR Support

LD1701224596 Belgrade TANJUG in English 2027 GMT 17 Jan 96

[FBIS Transcribed Text] Brussels, Jan 17 (TANJUG) — The European Union administrator for Mostar Hans Koschnick Wednesday requested IFOR [Implementation Force] support for putting an end to the unfavorable developments in Mostar, town divided between Muslim and Croats in southern Bosnia-Herzegovina.

This situation has also hindered the reconstruction of mostar, which is essential for future reconciliation and coexistence, Koschnick told the press in Brussels where he met NATO Secretary- General Javier Solana.

The situation in Mostar is tense, Koschnick said, which is why he had to request ifor support This task was in fact assigned to civilian police, but it is still not operational.

Earlier this month, Koschnick had announced his departure from his post of administrator which he has occupied since July 1994, but has now said he would complete his two-year term whose expiry should coincide with elections in Bosnia.

He expressed hope that things would calm down by then and that the situation in Mostar would return to normal after the elections.

Koschnick will Thursday inform high E.U. officials of the problems in Mostar and the relations of the two communities in conflict in the town.

Mostar had been the scene of heaviest fighting for territory control between Muslims and Croats in 1993.

The town remains divided between Muslims and Croats and tension has prevailed even after they formed their federation in March 1994.

Spokesman on 'Fresh Setback'

AU1701203196 Paris AFP in English 1958 GMT 17 Jan 96

[FBIS Transcribed Text] Mostar, Bosnia-Herzegovina, Jan 17 (AFP) — A January 20 deadline for freedom of movement in Mostar has been "de facto" postponed, a spokesman for the city's EU administrator said Wednesday, in a fresh setback for the Bosnian peace accords.

The Saturday deadline "has already been de facto put back," Dragan Gasic, said, adding that freedom of movement within the tense, divided city must be absolutely guaranteed by January 28 at the latest.

Gasic initially said that reunification of the city's Moslem and Croat police forces had also been put back from January 20. But he later insisted that this deadline applied only to freedom of movement, not to the police, even though it has been widely accepted and reported that this was the case under a Mostar reunification accord agreed in Dayton, Ohio in November.

Gasic argued that the police forces should be reunified "without further delay" but did not specify a date.

Mostar in southern Bosnia was the scene of violent clashes early this month between Moslems and Croats that left two people dead and two wounded on each side. The city is seen as a test case for the stability of the Moslem-Croat federation called for in the Dayton peace accord and considered a cornerstone of efforts to bring peace to Bosnia.

The January 28 date for freedom of movement was set last Sunday during a visit to Mostar by German Foreign Minister Klaus Kinkel, who announced a two-week "moratorium" during which EU administrator Hans Koschnick would be designated as an "arbitrator."

Asked to elaborate on Koschnick's new role, the spokesman said he would henceforth be able to "issue decrees with teeth" if he deems progress towards reunification of Mostar's opposing Croat and Moslem communities is inadequate.

Gasic urged European countries and the two communities to "give (Koschnick) the executive means necessary to implement the decrees and have them respected by the two sides."

When the divided city was placed under EU administration in July 1994, the administrator was given no coercive power over Mostar's citizens and was mandated only to make suggestions or offer assistance.

"Before settling the question of freedom of movement, we have to find a solution for the city's security and especially the reunification of the police," Gasic said.

"It's a question of choosing between meeting the deadline at all costs without resolving the problems, or extending it for a few days and succeeding in the end," he added.

Later Wednesday, Koschnick asked NATO Secretary General Javier Solana to authorise peace Implementation Force (IFOR) troops to intervene should Moslems and Croats take up arms against each other again in the city.

Koschnick did not say what Solana's response had been to his request. Spanish IFOR troops currently patrol in armored troop carriers armed with machineguns were set up and have continued even though calm has been restored.

A devastated no man's land divides Mostar, and since December only women, children and the elderly have been able to cross from one side to the other. After the violence earlier this month, even those crossings were suspended except for journalists.

Croats Blame Muslims in Usora

LD1701190696 Mostar Croatian Radio Herzeg-Bosnia in Serbo-Croatian 1700 GMT 17 Jan 96

[FBIS Translated Excerpt] Although an agreement has been reached between the commanders of the Vitez operational area of the Croatian Defence Council [HVO] and the 3d Corps of the Muslim Army on the withdrawal of Muslim units from Usora villages Ularice and Alibegovci, which the Muslim Army occupied on 12 and 13 January, the Muslim side continues to arrest and maltreat the Croats.

In connection with this, the Ministry of Defense of the Croat Republic Herzeg-Bosnia Political department today issued another statement which says:

On 15 January, the Muslim police arrested one officer and two soldiers of the 110 Usora HVO regiment and on 16 January began controlling the traffic of HVO and Croat Republic Herzeg-Bosnia vehicles.

On the same day on the right bank of the Usora river large movements of the Muslim forces have been observed, while Muslims forces again arrested and maltreated a group of officers from the operational area of Vitez, who have been monitoring the separation of forces on Usora [word indistinct]. In these activities, which have been prepared, as it is possible to establish beyond any reasonable doubt, for a long time and thoroughly, the following Muslim units took part: the Black Swans, a unit of special police Bosnia Four, and special police forces from Maglaj and Zavidovici.

On 25 December 1995 two members of the 110 HVO Homeguards Regiment were murdered in Zabljak and one member wounded. The perpetrators had not been found and the Muslim police maltreated the officials of the Travnik High Court and did not allow them to hold an investigation.

Zabljak is the largest Croat settlement on the right bank of the Usora river which had, after the referendum in 1991, become a local community [mjesna zajednica]. Since 1993 the Muslims treat Zabljak as their zone of responsiibility although they have not a single member of the Muslim Army originating from there. [passage omitted]

IFOR: Sarajevo Demining Deadline 'Impossible'

*AU1501142496 Paris AFP in English
1353 GMT 15 Jan 96*

[Report by Jean-Luc Porte]

[FBIS Transcribed Text] Sarajevo, Jan 15 (AFP) — It will be impossible to meet next Friday's [19 January] deadline for de-mining the demilitarised zone of Sarajevo, officers of the NATO Implementation Force IFOR said here Monday.

The January 19 date was set as part of the peace settlement timetable agreed to under American pressure at the Dayton, Ohio talks last year by the mainly Moslem Bosnian Government, Serbs and Croats. The gloomy IFOR forecast was corroborated by Serb and Bosnian military sources.

The landmines are supposed to have been tagged, destroyed or removed by Friday in demilitarised zones of the Bosnian capital. One IFOR source said optimistically: "The best we shall manage is 80-percent demining."

Quartermaster sergeant Christian Charrier, an ordonnance specialist with the French 17th engineering regiment, said the combat zones were awash with mines and booby-traps, which had still not been marked, let alone blown up or taken away. Many apartments along the front line were booby-trapped, he said.

Dragan, an officer in a district held by secessionist Serbs, said his army had "no intention of clearing the area before restoring it to the Islamists," as he termed the Bosnian authorities. "Why do you want us to help the Moslems to occupy our houses?" Dragan said he was counting on joining the exodus of Serbs to eastern Bosnia in the next few days.

French military engineering specialist Lieutenant-Colonel Jean Yves Fernandes calculated that more than 1 million landmines had been laid in Sarajevo and a further 3 million across the rest of Bosnia.

British General Andrew Cumming put the total at some 6 million, while Monday's edition of the Bosnian newspaper OSLOBODJENJE reckoned there were 7 million primed mines in the country. It quoted a Bosnian expert, who said it would take 20 to 30 years to clear away all the mines. The paper said mines had been laid in 1992 "in an anarchical way and today nobody can locate them."

The French sappers with their considerable experience of de- mining operations in Lebanon and Cambodia are pessimistic. The constant shelling had led to a widespread planting of mines in the battle zones and in some sectors nobody any longer knew precisely where they were. Fernandes pointed out that in some places where there had been a whole series of attacks and counter-attacks, both sides had laid mines.

IFOR headquarters spokesman Lieutenant-Colonel Charles Henri de Noiremont explained that under the Dayton agreement each party was due to carry out its own demining, and there was no question of stepping in for any of them.

"There is no need to despair," he suggested. "The Serbs have an organised army, their general staff has a thorough knowledge of the maps of the minefields, and marking of the mines and demining itself will take place as laid down in the time set."

The Serbs are known to have traditional landmine maps of the Soviet sort, which makes demining easier.

But a sceptical diplomat based here said that with only a few days to go to the deadline, the task looked insurmountable.

Meanwhile IFOR soldiers are being mutilated by mine blasts as they stumble across the hidden devices. French and Swedish troops were repatriated after stepping on mines on Sunday evening.

A few days ago in the Serb-held western suburb of Ilidza, a boy was killed as he played with an anti-personnel mine. IFOR began distributing leaflets on

Monday warning of the dangers to children, the main victims of the mines

IFOR Allows Serb Tank Pullout; Government Protests

AU1401140896 Paris AFP in English 0353 GMT 14 Jan 96

[Report by Jean-Luc Porte]

[FBIS Transcribed Text] Pale, Bosnia-Herzegovina, Jan 14 (AFP) — Bosnian Serb tanks and heavy artillery are pulling out of Serb-held districts of Sarejevo prior to the handover of those areas to Bosnian Government control, but the government is far from pleased.

Brigadier Andrew Cumming of the British contingent of the NATO-led Peace Implementation Force [IFOR] acknowledged Saturday that IFOR had even helped the tanks on their way by providing them with fuel.

Bosnian Government officials have protested that being inside the UN-declared 20 kilometre (12-mile) exclusion zone around Sarajevo the weapons should have been destroyed.

But for IFOR the Dayton peace accords signed in Paris last month replaced the UN resolutions. The deadline for the Serbs to pull out is now next Friday, 30 days after the agreement came into effect.

If the weapons are not confined to bases within two months after that, there would be a further violation of the accords, Cumming said at the Serb headquarters in Pale.

For several days Bosnian Serb armour and heavy guns have been seen leaving Serb areas of Sarajevo which are due to come under government control on March 19, passing through the neutral zone by the airport held by French IFOR troops.

But the Serbs are almost certainly leaving behind hundreds of mines laid during their siege of Sarajevo, contrary to the Dayton accords, which stipulate that each of the warring sides should clear its own share of the estimated three to six million mines scattered throughout the country.

The job in Sarajevo will probably fall on the French, considered the experts in this matter, but a French officer said the consequent delays would mean the Dayton timetable could not be respected.

Cumming said that IFOR had now deployed around 35,000 men, just over half its planned strength of 60,000, but he stressed the need for an international police force in the areas to be handed over to the Bosnian Government.

Serb officials in Ilidza and other rebel-held suburbs of the Bosnian capital have threatened to fight or to stage a mass exodus rather than live under Bosnian government authority, due to take effect on March 19 under the Dayton peace accords.

Krajisnik Comments on Talks With IFOR's Smith

LD1701234696 Pale Srpska Televizija in Serbo-Croatian 1930 GMT 17 Jan 96

[FBIS Translated] Nikola Krajisnik, speaker of the Serb Republic Assembly, today had talks in Pale with IFOR [Implementation Force] Commander Admiral Leighton Smith on the implementation of the Dayton Agreement. Once again the focus was on the most sensitive and most critical part of the agreement — Serb Sarajevo — which could threaten the peace mission and destroy the concept of the international community for a just solution in the event of the mass exodus of Serb people from the capital of the Serb Republic.

Meetings between senior Serb Republic and IFOR representatives could already be described as regular, but it seems as if every such event brings to light many more unclear things with deadlines becoming even tighter.

[Begin recording] [Krajisnik] What we discussed today referred first of all to Sarajevo, the most difficult part of the implementation of the agreement. We asked Admiral Smith, via his contact — as General Clark will be arriving — to convey to him certain demands regarding the maps, which are still unclear. We received explanations, and General Smith will most likely do whatever is in his power.

The difficult situation in Sarajevo was the reason for our request to IFOR, especially the civil sector, in connection with certain interpretations of the Dayton Agreement. We explained that this did not mean avoiding the implementation of the agreement or the freezing of relations, but simply a request for putting an end to uncertainty. Because of the uncertainty, and because the international community is not taking any active measures, we have almost a real exodus of Serbs from Sarajevo.

We would like to thank Admiral Smith for honest cooperation on his part. We have a good relationship with IFOR. We have its support and we hope that it will remain so in the future.

[Smith, in English with superimposed Serbo-Croatian translation] We talked extensively about Sarajevo. You know, and I said it before, that it is our priority. [passage omitted] [end recording]

Speaker Wants 'Detailed Maps'

AU1801132796 Banja Luka Srpska Televizija in Serbo-Croatian 1930 GMT 17 Jan 96

[Telephone report from Pale by Jugoslava Siljak]

[FBIS Translated Text] Momcilo Krajisnik, chairman of the Serb Republic National Assembly, has stated that the international community is conniving at the Serbs leaving their Serb Sarajevo homes, while at the same time its appeal for them to stay is not very convincing:

[Begin Krajisnik recording] One could almost say that representatives of the Serb Republic and IFOR [Implementation Force] are meeting on a regular basis, but it seems that new problems, details of the armor that is yet to be pierced, come to surface after every such meeting, while we are slowly running out of time. [end recording]

Today's meeting between Assembly Chairman Krajisnik and Admiral Smith primarily dealt with the problem of Sarajevo. With regard to that, Krajisnik asked his guests to provide detailed maps of territorial demarcation that still contain many unknown points. General Clark, who will pay a visit to the region in the near future, took part in drawing the maps. Our leadership appealed to the civilian sector for implementation regarding the complex problem of transfer of power and outlined issues that must take precedence in finding a solution, which, according to Assembly Chairman Krajisnik, does not mean that the Serb side is dodging obligations, but simply expresses the need to end the uncertainty. Admiral Leighton Smith informed his hosts about the process of the implementation of military aspects of the peace agreement and expressed satisfaction over the willingness of the Serb Army to cooperate. Sarajevo is our priority, said Smith, and added that the Serbs have a choice, because IFOR will treat all sides equally, and that the presence of his forces is supposed to create a feeling of security, although they do not intend nor are obliged to act as a police force. The mandate and role of international police forces in Serb Sarajevo will soon be defined.

Krajisnik Optimistic After Talks on Sarajevo

LD1801105996 Belgrade SRNA in Serbo-Croatian 0023 GMT 18 Jan 96

[FBIS Translated Text] Sarajevo, 18 Jan (SRNA) — Momcilo Krajisnik, speaker of the People's Assembly of the [Bosnian] Serb Republic, expressed optimism last night regarding a solution to the question of Serb Sarajevo.

Following a meeting in Pale with Michael Steiner, deputy to [Carl Bildt,] the high representative for civil affairs in the union of the Serb Republic and the Federation of Bosnia-Herzegovina, Krajisnik stressed that "the meeting was very useful because Steiner understands the problems of the structure of Bosnia-Herzegovina and Sarajevo."

"I hope that we will find a solution for Serb Sarajevo, and I am a greater optimist now than before this meeting, because the mediators have the situation in their own hands," Krajisnik said, stressing that Steiner promised action in the shortest possible time.

Commenting on the statement by Admiral Smith that the transfer of Serb Sarajevo to Muslim authority could be carried out in 17 days, Krajisnik explained:

"This statement has another meaning. Adm. Smith is simply drawing attention to the seriousness of the situation and the exodus of a large number of people. He is reminding the international community of the dates, the time scale, and the need for something to be done so that Sarajevo is not left without Serbs."

Michael Steiner, deputy high representative for civilian affairs, said that at the meeting, "which was very intensive, views were exchanged on all the difficulties of implementing the Dayton Agreement."

"We agreed on the priorities for overcoming these difficulties and this is encouraging. It is important that speaker Krajisnik has confirmed that the Serbs wish to remain in Sarajevo and that he shares our view that what we are doing can insure that they do remain," Steiner stressed, and said: "We are aware that we must act quickly to create confidence among the Sarajevo Serbs."

The meeting between Krajisnik and Steiner was also attended by Serb Republic presidential adviser Jovan Zametica.

Serb Premier Favors Joint Commissions With Bosnia

LD1701225196 Belgrade SRNA in Serbo-Croatian 2206 GMT 17 Jan 96

[FBIS Translated Text] Sarajevo, 17 Jan (SRNA) — Rajko Kasagic, prime minister of the Serb Republic, this evening said that problems linked with the implementation of the Dayton agreement could be solved if joint commissions were set up between the Serb Republic and the Bosnia-Herzegovina Federation.

In a statement after talks with Michael Steiner, deputy of the high representative for civilian issues in Bosnia-Herzegovina, Kasagic said that the POW exchange is one of the biggest problems.

"We are willing to exchange POWs on the all-for-all principle, but the Muslims have made it conditional on missing persons being found," the prime minister said, adding that the United Nations would be told if either of the sides fail to observe the agreements and that appropriate measures would be taken against that side.

Steiner described his talks with the Serb Republic prime minister as "very open and useful."

"We agreed that the concern of Serb Sarajevo residents must be taken into account. I am particularly satisfied that Mr. Kasagic agreed for Serb representatives to take part in newly established commissions which will deal with these issues," Steiner said.

He is convinced that all the problems in connection with Serb Sarajevo would be solved by the active participation of Serb representatives and that "the people will overcome their fears and preserve their identity."

Serbs Boycott Top-Level Meeting With Bildt Aides

AU1701191096 Paris AFP in English
1933 GMT 17 Jan 96

[FBIS Transcribed Text] Sarajevo, Jan 17 (AFP) — Bosnian Serbs boycotted a top-level meeting with senior aides to Carl Bildt, Bosnia's high representative, Wednesday [17 January] in a move likely to compound teething problems with implementing civilian aspects of the Dayton peace accord.

Bildt's deputy, Michael Steiner, said the Serbs had sent a letter demanding "answers to certain questions" before they would attend further meetings.

The high representative, responsible for implementing the civilian aspects of Bosnia's peace accord, is currently involved in smoothing over Serb fears associated with the transfer to government authority of areas around Sarajevo in Serb hands.

But Steiner dismissed the Serb tactic. "There is no room for negotiating pre-conditions to participate in these (discussions.) The questions they are asking should be posed in these meetings. The implementation of the agreement will continue."

The Serbs have pressed Bildt and others to get the deadline for the handover in the Serb-held suburbs of Sarajevo extended. The first phase of the transition falls due Friday when all Bosnian Serb forces must move out of the areas due to revert to government control. Full transition falls due by March 19.

While expressing "disappointment" at the failure of the Serbs to show up at the meeting, Steiner said he thought "that there were signs that the Serbs want to come on board again. It is in their interests if they participate." This is the third meeting that the Serbs have boycotted in the last two days. However, the German diplomat denied the peace agreement was "beginning to be shaky. I think some people are playing their last cards."

A meeting with the "prime minister" of the rebel Serb Republic, Rajko Kasagic, was planned for Wednesday evening, Steiner said.

Serb Foreign Minister Sends Letter to Bildt

LD1401212896 Pale Srpska Televizija
in Serbo-Croatian 1930 GMT 14 Jan 96

[FBIS Translated Text] Aleksa Buha, foreign minister of the Serb Republic, has sent a letter to the high representative for civilian issues, Carl Bildt, in which he tells him that the Serb Republic government maintains that some members of the international community — in charge of the implementation of the Dayton Agreement — are not abiding by its provisions. This memorandum was sent to member countries of the contact group via their embassies in Belgrade, as well as to the European Commission in Brussels, in order that the negative consequences resulting from failure to abide by the Dayton Agreement be eliminated.

After the signing of the general peace agreement for former Bosnia-Herzegovina and its 11 annexes, the international community, its members, institutions and representatives have undertaken a series of actions and measures aimed at their implementation, Buha says in the letter and adds: For the first meeting of donor countries and organizations for the reconstruction of Bosnia-Herzegovina territory held last 20-21 December, the European Commission and the World Bank prepared three documents for discussion. The first one is on the priorities for reconstruction and development, the second is on the priorities for reconstruction and development, i,e, sector annexes, and the third one is on priority needs for the first quarter of 1996.

The Serb Republic regrets that it was not included in the preparation and elaboration of the above documents and in the preparation for the first session of the donor countries and organizations. The Serb Republic government believes that the documents themselves contain a number of points showing that the provisions of the constitution of Bosnia-Herzegovina — adopted on the day of the signing of the Dayton Agreement, 14 December 1995 — are unjustifiably overlooked, as are some other important facts of a constitutional nature.

The constitution of Bosnia-Herzegovina envisages that the entities should have within their jurisdiction all the areas not expressly mentioned by the constitution as being within the jurisdiction of institutions of Bosnia-Herzegovina. Therefore, legislative and executive powers of the entities encompass the areas of domestic transport, agriculture, industry, education, civil engineering, mining, power industry, water resources, social welfare and the establishment of state institutions in the entities themselves. This means that the entities are independent in adopting and implementing laws in these areas and are independent in drawing up a development policy, the letter says.

It is only the entities, not the institutions of Bosnia-Herzegovina, that may set priorities for renewal in the areas within their jurisdiction in accordance with their constitutions and laws. However, if incompetent bodies adopt certain documents, as is the case here, their actions have no legal validity or consequence, the letter stresses.

The letter goes on to say: Documents for discussion do not objectively specify the level of damage sustained by the Serb Republic and its objective needs regarding reconstruction. Instead of the separate description of reconstruction needs of the Serb Republic and the Federation of Bosnia-Herzegovina, the documents only outline the needs of Bosnia-Herzegovina, which clearly speaks about the complete, partial, and unilateral political approach towards the reconstruction issue, Minister Buha says.

According to the Serb Republic government, the European Commission and the World Bank in several instances openly ignored — particularly with regard to parts referring to mechanisms of implementation — the effective constitutional solutions on the division of powers between the entities and the institutions of Bosnia-Herzegovina, envisaging centralization of powers to be vested in the ministries of Bosnia-Herzegovina in areas where Bosnia-Herzegovina institutions have no executive power.

The letter sent by Minister Buha to Carl Bildt says that three documents for discussion also contain a number of conditions which cannot be used within the current constitutional context. These documents speak of a country made up of the Serb Republic and the Federation of Bosnia-Herzegovina which is called the Republic of Bosnia-Herzegovina, even though article one of the Constitution clearly says that its only real name is simply Bosnia-Herzegovina. This approach by the European Commission and the World Bank is completely unacceptable to the Serb Republic government, since it represents the violation of the Constitution of Bosnia-Herzegovina and brings into question the fairness of implementing the reconstruction program and seriously threatens the stabilization of the political situation in Bosnia-Herzegovina.

The Serbs believe that their rights have again been completely withheld and that the international community has again given the Croat-Muslim coalition the right to make decisions on the Serb future and life, owing to which the Serb Republic government harbors serious reserves towards such an approach assumed by the European Commission and the World Bank towards the reconstruction issue.

However, the Serb Republic government at the same time expresses its readiness to cooperate with the European Commission, the World Bank and the Federation of Bosnia-Herzegovina within the joint commission provided that the aforementioned documents and solutions are reexamined, as they are not based on the Constitution of Bosnia-Herzegovina, the letter says among other things.

Karadzic: World Responsible for Serb Sarajevo

LD1801144896 Belgrade SRNA in Serbo-Croatian 1408 GMT 18 Jan 96

[FBIS Translated Text] Sarajevo, 18 Jan (SRNA) — Serb President Dr. Radovan Karadzic said today in Pale that the "international community is responsible for the fate of Serbs in Sarajevo."

"If the international community desires a good and acceptable solution, then it will find one," said President Karadzic on the eve of the session of the Task force for implementation of the Dayton agreement on Serb Sarajevo.

According to him, the condition for finding a good solution to this question lies in "goodwill of all sides" and does not recquire changes to the Dayton agreement.

Asked about the release of prisoners, which the warring factions, according to the clauses of the Dayton agreement, were obliged to comply with by tomorrow, 19 January, Karadzic said:

"We should not be talking about it because we are all under obligation to exchange all prisoners. The war is over and no one is justified in continuing to hold people in prisons."

According to Karadzic, the Serb side will not be again undertaking unilateral actions of release because until now "it has unilaterally released over 5,000 prisoners."

Serbs' Plavsic on End to FRY Economic Blockade

LD1701233496 Belgrade SRNA in Serbo-Croatian 2214 GMT 17 Jan 96

[FBIS Translated Text] Jagodina, 17 Jan (SRNA) — Biljana Plavsic, Vice President of the Serb Republic, announced today that on Friday, 19 January, the FRY should lift the economic blockade at the River Drina, imposed on 4 August 1994.

"Since the Dayton agreement the cooperation between the Serb Republic and FRY is on a much higher level, and is being improved with every passing day, thanks to the fact, among other things, that the Serb Republic strictly complies with the agreement deadlines and obligations," Plavsic said in her statement to SRNA.

She stressed that the Serb Republic has already withdrawn its units 2 km behind the front line on the territory of Herzegovina, and announced that by 19 January the withdrawal will be completed in most other areas.

"The Serb Republic is also ready to comply with all obligations relating to the exchange of prisoners, but it is evident that the Muslims are obstructing that part of the agreement, setting some conditions which have not been envisaged in the document," Plavsic warned.

According to her, the obstruction of the agreement is also evident in Mostar, as well as the fact that the Croats and the Muslims do not comply with deadlines and obligations from the agreement that they undertook in Dayton.

"If it is evident that the agreement is thus being breached why then does the Serb Republic not have the right to demand local self-rule for the municipalities of Serb Sarajevo, as this would be the only right solution," Plavsic said.

She concluded that, if no changes in the Dayton agreement are made on the issue of Serb Sarajevo, "for the first time in history an international document pretending to advocate justice will sanction the exodus of a nation."

Montenegro's Bulatovic on Aid to 'Serb Republic'

AU1701200796 Belgrade NASA BORBA in Serbo-Croatian 16 Jan 96 p 4

[Report by B.L. Milicic: "To Abolish All Borders That Evil Times Have Brought"]

[FBIS Translated Text] Podgorica — The first packages of food and hygienic items collected within the humanitarian action "People and Government of Montenegro for Serb Herzegovina" were sent from Montenegro for Nevesinje, Gacko, and Ljubinje on 14 January.

It is planned to collect about 940 metric tons of food and other most important items of the total value of about 3 million dinars and for this to be sent to these three Herzegovina municipalities.

On the occasion of this action, Momir Bulatovic, president of the Republic of Montenegro, visited Nevesinje, where he talked with Vukan Bratic, president of the Nevesinje municipality.

"Our action represents a continuing effort that Montenegro would like to make — as much as it can do so within the FRY — in order to help the Serb Republic [RS] in these hard times," Bulatovic said, and recalled that in this war, Nevesinje has made huge material and human sacrifices. "It is with special attention and love that we want to learn about the problems in Nevesinje and see how, with joint forces, we can help each other and overcome the times behind us, remove all the obstacles and borders that evil times have brought," Bulatovic added.

Montenegrin Finance Minister Predrag Goranovic pointed out that Montenegro is "ready for all forms of economic cooperation and links with the RS," stressing the need for the urgent establishment of payment operations.

According to Nevesinje Municipality President Vukan Bratic, there is much room for cooperation, above all in agriculture, forestry, and the timber industry. He announced the opening of a medical herb processing plant in Nevesinje and called for cooperation in this investment.

On the same occasion, Montenegrin Deputy Prime Minister Zoran Zizic visited Gacko, and Trade Minister Dusko Lalicevic visited Ljubinje.

As it was pointed out in the Action Committee, the aid will be sent to other Herzegovina municipalities immediately after it is collected. The action is very good and includes many firms and individuals. However, according to what had been said at a recent meeting between Montenegrin and Herzegovina businessmen in Podgorica, the aid that Montenegro will extend to Herzegovina will not stop at humanitarian actions, but will be extended to more comprehensive economic and other cooperation.

[Box, p 4]

Good Cooperation Between IFOR and RS

Assessing the implementation of the Paris agreement, President Bulatovic said that "fortunately, the process of separation of forces is going on very well and quickly." "I think that it is very important that IFOR [Implementation Force] has very good cooperation with the RS authorities and army. What still remains is the very specific and open problem of Sarajevo, of course, but, in fact, the realization of the peace agreement is going according to our expectations, the expectations of the FRY as well as the RS, which means without problems from the RS."

Poll: Only 8.5 Percent Support Karadzic's SDS

AU1201145696 Belgrade POLITIKA EKSPRES in Serbo-Croatian 9 Jan 96 p 7

[Report by R. Vujatovic: "The RS Socialists Have the Advantage"]

[FBIS Translated Text] Banja Luka — It is already quite certain that the elections in the Serb Republic will be held in late summer, as is anticipated by the Paris peace accord, under the supervision of the OSCE [Organization for Security and Cooperation in Europe], which will also guarantee that the election campaign will be open and fair. Although it is more than six months until these elections, the Serb Republic has already caught election fever. The party leaders are becoming increasingly vociferous, those of the ruling SDS [Serb Democratic Party] and the non-parliamentary parties, of which there are 10 or so, which can hardly wait for the official election campaign to start so as to address their voters. The founding of some new parties is also on the cards and they will be led mostly by people from the existing parliament, such as Milorad Dodik of the independent deputies' club and Radoslav Brdjanin, who, because of disagreements with the current SDS leadership, was removed from parliament and has already announced that he will be running in the elections with the newly formed People's Party.

It is interesting that of the 54.5 percent of citizens who stated their preferences in an opinion poll conducted by NEZAVISNE NOVINE, 17 percent supported the SPRS [Socialist Party of Serb Republic]. The SRS [Serbian Radical Party] is in second place with 13.5 percent support. In third place is the SSJ [Party of Serbian Unity], which can currently count on 9.5 percent of the votes, while the ruling SDS comes only fourth and, according to the public opinion poll, with merely 8.5 percent of voter support.

Of course, SDS officials do not share that opinion and, although this party has not yet officially launched its electoral campaign, careful analyses are being made to find out what this party must offer the voters to remain in power. An additional problem for this party is that it will not be able to run in the elections with its leader Radovan Karadzic as a candidate, who, according to the Constitution of Bosnia-Herzegovina, which is an essential part of the peace accord, may not run in the following elections for any public or political function. This is the reason for the current speculation about who might be his successor. Although on this matter there have been no official statements as yet, unofficially two candidates are being considered: Nikola Koljevic, representing the moderate line, and Momcilo Krajisnik, representing the hard line in the SDS.

On this occasion prime minister Rajko Kasagic, drawing upon historical experience, warned that no party that has waged war, no matter what credit it is given, is ever popular. "Nevertheless," Kasagic added, "I think that it is realistic to expect the SDS to win the majority of votes. The SPRS depends quite heavily on the SPS [Socialist Party of Serbia], but they cannot base their judgments on what is happening in Serbia, because here we have quite different circumstances. The SPRS will probably end up as the second party in the parliament," Kasagic concludes.

Bildt on Problems Setting Up Civilian Program

BR1101111596 Stockholm DAGENS NYHETER in Swedish 10 Jan 96 p A12

[Report by Inger Jagerhorn: "Bildt Forced To Pay Bribes"]

[FBIS Translated Text] Brussels — Carl Bildt traveled from Brussels to Bosnia with a suitcase containing 300,000 German marks to have some start-up funds for his headquarters in Sarajevo. The UN high representative in Bosnia is currently bogged down in administrative problems. Nonexistent telephone lines, difficulties in transferring funds, and freezing offices are making his life extremely interesting.

Bildt counters the criticism leveled at him from U.S. and British quarters for being slow in getting started by describing his difficulties at the purely practical level. At a news conference in Brussels on Tuesday [9 January] he reported on the hardships facing him and on how he would use the money in the suitcase to set up what will eventually be his headquarters with 50 to 60 employees.

"It is a special experience that I would recommend to each and every one of you," Bildt said at the news conference. His secretariat does not yet have a legal identity in Belgium — something that increases operational difficulties. So far money for the reconstruction work has only been paid in by the EU. Carl Bildt has his other secretariat in Brussels, where between 15 and 20 persons will work above all on the international coordination of aid efforts, and on the comprehensive reports to the UN Security Council, NATO, EU foreign ministers, the European Parliament, the Council of Europe, the United States, Russia, Japan, the World Bank, and others.

"The claims that I have not spent much time in Sarajevo can be put down to the fact that we do not have any working telephone lines there," Bildt said. Bildt gave a graphic description of how he and his colleagues had worked intensively over the last few weeks to get an office in the war-torn country, employ interpreters and other personnel, and at the same time take action to implement the peace agreement. He reported that he had had to bribe his way to five telephone lines for a total of 45,000 German marks (207,000 kronor) for the new office that has been set up in Sarajevo.

More Difficult Option

For political reasons, due above all to protests from the U.S. Congress, Bildt has been unable to choose the simplest solution — to take over the former UN office in Sarajevo.

He did not level any criticism at the U.S. Government and told TIDNINGARNAS TELEGRAMBYRA that in a telephone call U.S. peace negotiator Richard Holbrooke had dissociated himself from the criticisms of Bildt published primarily in THE NEW YORK TIMES. According to Bildt, this criticism is due to disagreement within the U.S. Administration.

The other day the U.S. newspaper even called upon the countries that had appointed Bildt either to demand more energetic efforts or put someone else in his place.

"U.S. public opinion has realized that it is not enough to send troops to Bosnia to create peace. I welcome this and I hope it will will lead to the Americans sending civilians to take part. So far all the help has come from Europe," Bildt said.

The military effort has been planned over a period of months, while the planning work for the civilian operations only began in December.

According to these plans, an international police force with 1,700 policemen from different countries will go to Bosnia. But not even 100 have arrived so far, nor their chief officer from the United Nations.

Important Policemen

However, Carl Bildt said that the international police who had arrived played an important role in securing the release of the 16 Bosnians who were seized in the Serb suburbs of Sarajevo.

He pointed out that the international policemen would not be performing normal police work. In the first instance they will supervise and train local police officers.

"The NATO forces may not act as policemen either. But their presence is important for creating stability. There are now more of them on the roads and this has created a better situation.

Of the military forces 40 percent are now in position. But Bildt noted that no armies in the world can achieve peace if a country does not want it.

"It is not our country and it is not our peace. If the inhabitants of Bosnia themselves do not want it, it is impossible to create peace," Bildt stressed.

"Bosnia is the world's most divided country. It is worse than Berlin when the Cold War was at its coldest."

The Serb leader in Sarajevo, Momcilo Krajisnik, has threatened the mass exodus of an estimated 100,000 Serbs unless the transfer of power from Serbs to Muslims around Sarajevo is delayed until 15 September.

"If the inhabitants in the country's capital cannot live together it bodes ill for the rest of the country," Bildt remarked, adding that any potential mass exodus is the responsibility of the NATO commander, U.S. Admiral Leighton Smith.

Finance Minister Views Reconstruction Aid

AU1001191196 Sarajevo OSLOBODJENJE (Bosnian) in Serbo-Croatian 3 Jan 96 p 5

[Interview with Bosnia-Herzegovina Finance Minister Neven Tomic by Zekerijah Smajic in Brussels; date not given: "The World Wants to Help Us"]

[FBIS Translated Text] While the final results of the two-day meeting on who will be giving us money and how much as aid for the reconstruction of Bosnia-Herzegovina are still not known, in a special interview for OSLOBODJENJE, Bosnia-Herzegovina Finance Minister Neven Tomic said that the first conference of donators in Brussels had been "some kind of an overture for a major conference planned for March, which should answer the needs of Bosnia-Herzegovina for the reconstruction and financial normalization of the situation in Bosnia-Herzegovina, which has been initiated in a joint document prepared by the World Bank, the IMF, the EU, the European Bank for Reconstruction and Development, "all together with the Government of Bosnia-Herzegovina."

Our Stance Has Been Proven

Asked whether Serb objections were justified over the alleged disregard being paid to the reconstruction of their territories, Minister Tomic answered: "We have constantly repeated that it is a whole package of help for the whole territory of our country, which, apart from repairing obvious war damage, also involves "clearing" arrears of debts, organizing our debts in the future, and arranging our relations with international financial institutions. All these are preconditions for international support to the economic reforms in Bosnia-Herzegovina, from privatization and the free market to the reorganization of the administration and adjusting it to the new conditions of Bosnia-Herzegovina operating in the post-war period. The Brussels conference has proved that our general approach has been correct and that our financial requests amounting to about $5 billion in the first three years are realistic, and, therefore, all the participants of the conference supported the World Bank and the EU in their efforts to continue the process of institutionalizing the initiated process of reconstruction and renewal in Bosnia- Herzegovina.

[Smajic] Does that mean that the government's expectations were met in Brussels?

[Tomic] In view of the reservations on the first day of the conference, I am very satisfied with its outcome. We knew that Bosnia-Herzegovina on this occasion, too, would serve some countries' various political games. Nevertheless, the most important thing for us is that the Brussels conference proved that all the countries (after initial reservations caused by political reasons), the smallest and the biggest, accepted the proposed concept of reconstruction and offered to participate in this undertaking.

[Smajic] Have the initial amounts of urgent help been determined in detail from each country?

[Tomic] The amounts are more or less known, but it is not appropriate to give details about how much any country has given, because every one has been giving according to its ability. The help has also more value than simply the material one. The amounts offered in Brussels collectively cover our urgent needs of approximately $500 million for the first three months of the next year, which was the objective of this conference. Now, we have to prepare and assign individual projects according to the expressed interests of the donor countries, since the majority of them have precisely specified how they want the funds to be spent.

Seven Hundred Projects

[Smajic] Is that a general principle, that every country can determine how the donation will be used?

[Tomic] Yes. That is the point of the whole process of cooperation with the World Bank. We came to Brussels with more than 700 different projects or ideas, which we presented to all the participants of the conference concerned. These projects cover all the fields: agriculture, industry, infrastructure, telecommunications, education, health care, and so on. So, the countries will channel their interest into concrete projects. Our main task is to find partners financially to take over the tasks, which we will complete technologically and ultimately put into practice. It goes without saying that we must cooperate in this, because the Bosnia-Herzegovina Government coordinates such activities and is responsible for the reconstruction process, and its duty is to provide a share of the funds for each of the projects. This operation, which will last for several years, will be supervised by a special coordination team, which will consist of the donors, the World Bank, the EU, and co-investors from Bosnia-Herzegovina.

[Smajic] Experts in Dutch politics were not surprised at the very constructive approach of this country to the reconstruction of Bosnia-Herzegovina; possibly also because of the stings of remorse over the tragedy of Srebrenica. Nevertheless, the final sum of about $42 million has surpassed all expectations. What was the explanation for such generosity at the conference?

[Tomic] The Netherlands has been very helpful to Bosnia-Herzegovina throughout the war, has accepted our people and accommodated them under exceptionally favorable conditions, and has sent us concrete material aid. In the following period, the Netherlands will be participating in the construction and reconstruction of the gas pipeline network, in the development of small private enterprises, in the financial reconstruction of the banks, and so on. We are very grateful to Minister Pronk (Jan Pronk, Dutch minister for cooperation and development, author's remark) and his country.

However, I wish to emphasize once again that participation in the reconstruction of Bosnia-Herzegovina is not measured only in money. Estonia, for instance, which itself has economic problems, will participate in the reconstruction of our country with about 100,000 German marks and has offered its experts and its experience acquired during its own transitional period of development. In Brussels, Turkey offered significant financial help, but that is only a part of what that country has already helped us with and with which it has been helping us in bilateral relations. The United States has announced $50 million in the first three months of 1996, but such a donation has to be approved by the U.S. Congress. We hope that a positive decision will be made and that the United States will join in the donators' main conference in March, when the United States could also take a stance on a medium- term reconstruction plan until the year 1999. Further, the distant Republic of Korea has pledged $1 million in help for the reconstruction in the first three months of the next year. And so on. All this indicates that there is understanding for our difficulties and that there is much willingness in the world to help us.

Assessment of War Damage

[Smajic] In recent weeks there has been general confusion over the estimates of the total economic damage in Bosnia-Herzegovina, as well as over the urgent need presented to the world community by the government in Sarajevo. The most recent news to be circulating around EU offices is that the economic damage is around $47 to 50 billion. Independent analysts claim that the war damage on the territory of the whole of former Yugoslavia are being overestimated.

[Tomic] At the Brussels conference, I told people that nobody is capable of assessing the damage to Bosnia-Herzegovina realistically. It is impossible to do that even in the case of material damage, which is more measurable. It may be best to say that the economic damage is in the several dozens of billions. We have located the priority needs, in cooperation with experts from the World Bank, the European Bank for Reconstruction and Development, and the IMF, and they, as we have already said, put it at $5.1 billion for the first three or four years. Within those needs, just over $500 million is urgently necessary in the first three months of next year. This is the current arithmetic with which we are beginning the process of reconstruction. In the first year, we expect an aid inflow of $1-1.2 billion, and in the next years a little more, until the complete figure of $5.1 billion is reached. The aid inflow will, of course, also depend upon our readiness to implement that help on the ground.

[Smajic] What has been the response of the countries that are commonly known as Islamic?

[Tomic] Although the Islamic countries have traditionally helped Bosnia-Herzegovina at the bilateral level, at the Brussels conference they also expressed their full readiness to engage in a collective mechanism of reconstruction.

[Smajic] As a new IMF member, what does Bosnia-Herzegovina concretely get?

[Tomic] IMF membership is the first clear indicator that the implementation of the peace agreement in Bosnia has no alternative for the international community. Among other things this is also because part of this agreement is the regulation of the membership in international organizations. The second important sign is that in Bosnia-Herzegovina there is the appropriate financial infrastructure, which can be a partner to the international community and which will, together with the international community, build that infrastructure in order to take it to an even higher level. The third great advantage of being admitted to the IMF is the creation of the preconditions to "clear up" the debts in 1997, too, by which we "disburden" our balance of payments, or at least part of our obligations to the IMF, and, finally, IMF membership opens the door to the regulation of our relations with all other international financial institutions, such as our admission to the World Bank, on which we have been hurriedly working, negotiations with the Paris and the London Clubs on the regulation of our debts to creditor countries, and starting the procedure for admission to the International Bank for Reconstruction and Development. All these institutions participated at the conference for reconstruction and development of Bosnia-Herzegovina, and immediately upon the news on our admission into the IMF, they announced their own arrangements as further concrete help to our country.

Vienna Disarmament Talks Postponed to Jan 23

*AU1601145796 Paris AFP in English
1342 GMT 16 Jan 96*

[FBIS Transcribed Text] Vienna, Jan 16 (AFP) — Crucial talks here on disarmament in the former Yugoslavia were adjourned for a week Tuesday after the delegation from Belgrade failed to supply details of its heavy weapons, diplomatic sources said.

They said it did not provide information on stocks of tanks and armoured vehicles, planes, helicopters and artillery of at least 75 mm calibre before the deadline of January 13.

Those details would have been used in an exchange of information planned for Tuesday with the other four delegations, representing the Bosnian Serbs, Moslem Croat Federation, Sarajevo government and Croatia.

The session was postponed to January 23 with federal Yugoslavia (Serbia and Montegro) expected to provide the necessary details in the next two days. The other delegations had met the deadline.

Under the Dayton peace accord on Bosnia, the talks are to lead to a treaty by June 6 on reducing armed forces and heavy weapons stocks in the region.

In the next week, Norwegian General Vigleik Eide, who is chairing the talks under the Organization for Security and Cooperation in Europe (OSCE), will see each delegation and members of the contact group on former Yugoslavia (Britain, France, Germany, Russia and the United States).

The talks opened on January 5.

A separate but parallel round of talks here centres on achieving a military detente among the former warring sides in Bosnia itself. It has already led to an exchange of information and accord on opening military liaison missions.

Istvan Gyarmati, the Hungarian diplomat chairing the negotiations, told AFP he was confident of finishing by the scheduled date of January 26 laid down by the Dayton accord.

However he said the Bosnian Serb delegation questioned the legitimacy of its Bosnian government counterpart.

The Serb delegation says the Sarajevo government ceased to exist after the Dayton accord, while the OSCE and international community says it should stay in office until elections, Gyarmati said.

"It is one of the fundamental questions over the transition period resulting from the ambiguities of Dayton, and it cannot be resolved here," he added.

"If we have the text of an accord, we will find a formula to get round that obstacle."

'Times Are Changing' for Military Industry

AU1601190196 Split SLOBODNA DALMACIJA in Serbo-Croatian 6 Jan 95 pp 8-9

[Article by Josko Dadic and Damir Dukic: "Croats Have To Put Their Military Industry in Order"]

[FBIS Translated Text] Since the most productive industry in Bosnia-Herzegovina before the war was the special-purpose, military industry, it is quite certain that in 1996 many questions concerning its future in this war-destroyed country will be asked, and on all three sides — Croats, Muslims, and Serbs. As a matter of fact, a discussion concerning this delicate issue has already started in the political, military, and economic leaderships of all three sides, but definite answers will, as it seems, be given in the course of this first peaceful year in Bosnia-Herzegovina after the end of war. In Bosnia-Herzegovina, in as many as 12 large plants, no less than 70 percent of the military industry of the former Yugoslavia was situated, so the interest of the Croat, Muslim, and Serb sides for the future of this industry is quite understandable. After all, big offensives and other war operations in the course of the last four years in Bosnia-Herzegovina were carried out, among others things, to conquer or to keep control over particular military factories.

Of course, during the war in Bosnia-Herzegovina the three armies organized some new special-purpose industry as well, since the existing complex of military industry, the plants which mutually complemented each other and were closely linked, disintegrated as such completely with the breakout of the war. But, before giving details about that, it is interesting to see where the military plants were situated in Bosnia-Herzegovina, and what has happened to them and their production today. Most of them, i.e. six, are situated on the territory which is controlled by Muslims and which, according to the peace agreement, belongs to the Federation of Bosnia-Herzegovina.

Battles for Plants

The Slavko Rodic plant in Bugojno — Before the war this plant produced hand grenades and lighters, bells [zvoncic] for Orkan rockets and dispersing guided projectiles with cluster explosives [rasprskavajuce mine s usmjeravajucim djelovanjem] (MRUD). Today this plant works only at partial capacity.

The Bratstvo plant in Novi Travnik — That was another important military plant in which artillery weapons were produced, an exceptionally wide range of them. Thus, before the war Bratstvo produced cannon for T84 tanks, and M84 tanks of 125mm caliber, D30 howitzers of 122mm caliber, recoilless guns (BST), as well as various types of coastal defense guns [obalni topovi]. Today in the Novi Travnik plant Muslims have problems providing materials and with the lack of experts, so that the range of products has been rather reduced;

The Igman plant in Konjic is an ammunition plant which Muslims have managed to preserve completely, and in which the so-called small ammunition of all caliber up to 12.7mm is still produced, just as it was before the war. The importance of these works is well reflected in the fact that in September 1994 on the territory of Konjic the units of the 4th Corps of the Bosnia-Herzegovina Army, under the command of Brigadier General Ramiz Drekovic, started a big offensive against Serb forces in the direction of Nevesinje, trying to cast them off from Konjic and thus protect the plant from artillery attacks, but they succeeded in that only partially. However, the plant was saved, but production was nevertheless reduced, because some of its machines were transferred to Zenica and Visoko;

The Pobjeda plant in Gorazde — before the war ignition [inicijalne] and detonator caps were produced here, but after the beginning of the Serb attacks production was modified for the needs of the defense of the territory of Gorazde. This plant is doubtlessly the most important reason that Gorazde, as the last Muslim enclave in eastern Bosnia, despite fierce attacks, has managed to defend itself.

The Zrak plant in Sarajevo was the main plant in the former Zrak holdings, comprised of around 10 plants, several of which belonged to military industry. Thus the Sarajevo Zrak, grounded in 1951, produced a number of optical and sighting mechanisms for the former Yugoslav People's Army [JNA] — sighting mechanisms for 105mm howitzers and for B1 cannon, PB-1 periscope artillery compasses, AD- M58 cannon fieldglasses, gyro horizon [sitomjer] and PKN pilot sighting mechanisms, infrared periscopes for driving armored vehicles, IC snipers, sighting mechanisms for anti-aircraft cannon of 20mm and 40mm caliber, equipment for OTM-60 armored transporters, optical sighting mechanisms for ON-M59 hand launchers and for NS-BO-82 mm recoilless guns, fire control systems [upravljanje vatrom] in SUVOA-M70 coastal artillery, tank and artillery TLMD laser range- finders, optical sighting mechanisms for ON-M76 guns, sighting mechanisms for BVP-M80 armored infantry vehicles, and many other things. The plant has today reduced the number of products, but it still works for the needs of the Bosnia-Herzegovina Army.

The Zrak plant in Vares is the last military plant which is controlled by Muslims, in which sighting mechanisms for 105mm howitzers were produced before the war. However, this factory does not work any longer, mostly because of the lack of necessary experts.

Shelling of the Vitezit Plant

Unlike Muslims, Croats had three plants under their command, but they were no less significant:

The Vitezit plant was the biggest producer of explosives for military as well as for economic purposes in the former Yugoslavia. Before the war this company was composed of three plants — Slobodan Princip Seljo, Vitezit, and Sintevit — but since the beginning of the war in Bosnia-Herzegovina it has worked solely under the name of Vitezit. How important this plant was for the former Yugoslav military industry can best be seen in the fact that its products were sold in 28 countries throughout the world. After the beginning of the war in Bosnia-Herzegovina, until this day, this plant has been one of the most important elements for the defense of the Croat territories in the valley of the Lasva river. Serbs tried to destroy it by rockets launched from airplanes in the spring of 1992, then Muslims tried to take it in fierce attacks on Vitez in 1993 and 1994, but none succeeded.

The Soko plant in Mostar — before the war 'Galeb'-type aircraft was produced in the works of the famous military aviation industry in the biggest town of Herzegovina. But, as it seems, the production of military aircraft in Soko will not be resumed because of exceptionally high costs, and because it pays much more to buy military aircraft, and that of a higher quality, on the world market of military equipment. According to announcements from Mostar itself, Soko has turned to civilian programs — production of sports airplanes and two-seater helicopters.

The Zrak-Optomehanika plant in Kiseljak — this plant was also an integral part of the Sarajevo-based Zrak holdings, and it also produced optical and sighting equipment for the former JNA. A part of its former production assortment has been preserved until this day, but in the course of the war in central Bosnia Zrak-Optomehanika also started producing ammunition.

As for Serbs, they have had control over the smallest number of plants of the former military industry complex in Bosnia- Herzegovina.

The Pretis plant in Vogosca is the biggest and the most important plant for the production of weapons and military equipment in the hands of the Bosnian Serbs. Before the war it produced rockets for Oganj, Orkan, Plamen 1, Plamen 2, and Munja rocket systems, then rockets for military helicopters, Osa portable rocket launchers (Zolja launchers were manufactured in Cacak [Serbia]), cannon missiles of 122mm, 130mm, and 155mm caliber, 105mm howitzer mines, mortar mines of 82mm and 120mm caliber, as well as all kinds of caps. Pretis had exceptionally expensive and specific equipment. Thus, the plant in Vogosca, which, just like most military plants in Bosnia-Herzegovina, conducted business through Unis [Sarajevo-based company], has special machines for casting rocket chambers, made specifically for Orkans. Pretis had three such machines which could cast a rocket chamber in one piece. In the whole Yugoslavia there was only one other such machine, in the Bratstvo plant in Novi Travnik. It was difficult to obtain those machines from the countries that manufactured them, because special permits were necessary for their purchase, and they had to be issued directly by the governments of the states which sold them. In the course of the war Serbs maintained the former military production of Pretis to a great extent, thanks to huge logistic support from Serbia. Yet, since according to the peace agreement they have to withdraw from Vogosca, in the last weeks Serbs have been removing the machines and military equipment from Pretis expeditiously.

Remontni Zavod in Hadzici was the biggest remounting service in Bosnia-Herzegovina for Praga armored vehicles, transporters and tanks of the former JNA. That service, which performed its duty during the war as well, has already been moved from Hadzici, from which Serb forces also have to withdraw.

Mrkonjic Grad — we have listed the former plant for the production of lighters, which was linked with the production of bombs in the Slavko Rodic plant in

Bugojno, among the Serb military plants, not because according to the Dayton agreement Croats have to give Mrkonjic Grad to Serbs, but because this plant had been moved before Croat forces entered this little town.

Connected Works

These 12 plants that we have mentioned were closely linked to each other, and their productions complemented each other. Thus, Vitezit, Pretis from Vogosca, Slavko Rodic from Bugojno, and Pobjeda from Gorazde were linked in one production chain; they could completely produce all rocket and mortar systems of the former JNA. But, with the beginning of the war in Bosnia-Herzegovina and with the disintegration of the existing military industry into three parts, and thus the inability to complete the products, additional military industry was organized, in all three armies. Even Bosnian Serbs, who were logistically supported from Serbia to the maximum, had to start organizing new special-purpose industry. Thus, the biggest special-purpose industry after the beginning of the war in Bosnia-Herzegovina was organized in the Rudi Cajavec plant in Banja Luka. Here Serbs were once more in advantage over Croats and Muslims because all reserve documentation of the entire military industry of former Yugoslavia was in Belgrade in the archives of the SSNO [Federal Secretariat for National Defense].

Unlike Serbs, in the last three years Muslims greatly improvised in the production of weapons, particularly ammunition. As an illustration it is enough to state several examples which, among others, they also used during the fighting with Croats in central Bosnia. Thus, Muslims manufactured mortar shells with explosives made out of charcoal soaked in liquid oxygen. Gas is created in that type of shell, but is short-lasting. Such a shell must be fired no later than three hours after it has been produced (!), which required the location of factories near front lines. Such a shell was detonated with a gas lighter, and had more of a frightening, psychological effect than a lethal one.

A somewhat more dangerous missile (but still much weaker than the real one) was a mortar with an explosives made from nitrate fertilizer. Muslims produced them mostly in Tuzla, in the nitrate fertilizers plant. They had "shirts" made of aluminum, and the range of its lethal effect was modest, 5-10 meters. It is interesting to mention the rifle grenade [tromblon] which had a slow-burning fuse instead of a lighter. This round had an effect only if it fell right side up, because the fuse was on top of the round and, as the round fell or hit the target, it was often extinguished.

Projectiles From Kiseljak

The quality of military production in war has varied on the Croat side as well. One of the most successful among the new special- purpose productions on the territories under Croat control was organized in the Kiseljak enclave. Here the production was organized in four enterprises: In the Celik and Barit plants in Kresevo, and in the Zrak-Optomehanika and Zrak-Autoelektrooprema enterprises in Kiseljak, as well as in several private lathe and one-blacksmith workshops. The production chain among these enterprises and workshops was linked, whereas the main producer was the Zrak-Autoelektrooprema plant, one of the factories of the former Zrak holdings, which before the war was not active in special- purpose industry, but instead in the manufacturing of mechanical and electrical parts and equipment for cars, mostly for the Mercedes car. Nevertheless, the Zrak-Autoelektrooprema in Kiseljak, with director Mladen Ramljak at its head, and in cooperation with the enterprises and workshops mentioned, managed to achieve true success in the production of ammunition.

"None of us had any experience in ammunition production before the war. But, with the beginning of war in this region there soon arose a need for that, because only one month after the war with the Muslims broke out we were left with nothing in Kiseljak. Ivica Rajic, who was the commander of the Croatian Defense Council [HVO] of Kiseljak at the time, called us and said: 'We have only five mines left, all front lines are in danger, see what can be done.' We quickly thought of how to secure the front lines in the first place, and we decided to make dispersing mines with guided action, the MRUDs, for a start. We made the forms out of tin, welded them together, and then we made around 7,000 such MRUDs. It was only afterward that we developed the production of plastic MRUDs, an exact copy of those used by the former JNA," engineer Mladen Ramljak explained to us.

Mladen Ramljak then told us that in Kiseljak, together with fortifying the lines with MRUDs, they simultaneously worked on a mortar program, so that in a month and a half they managed to adopt the production of all three shells — 60mm, 82mm, and 120mm caliber.

"It was hard work," Ramljak told us. "For example, we would make a mine, but did not know how to fill it with TNT. We had a sample mine and we wanted to use it as a model for our work. We had to make TNT, but nobody wanted to do that. The shell had to be cut open, its inner and outer geometry had to be examined for us to be able to do anything specific. So I took a drill and started drilling the TNT in the mine. Then, as if by a miracle, one young man who had worked in Pretis on TNT came by, and, when he saw what I was doing, was terrified, and he ran away. He explained that in such work there must by no spark or everything around it gets blown up. He took a brass needle and started knocking on it carefully. Now, when we realize the things we did from lack of experience, it is a wonder that we all managed to stay alive."

Fishing in Troubled Waters

Ramljak told us that, despite initial improvisations, there had never been any accidents in Kiseljak, unlike Muslim TNT foundries on the territory of Zenica and Visoko, where there are frequent accidents, even explosions of entire foundries. After they developed the mortar program, appetites grew in Kiseljak, as engineer Ramljak says, so that they started manufacturing hand grenades, then "tromblon" grenades, 37mm shells, 30mm bullets for Praga armored vehicles, and for Bofors of 40mm caliber, artillery missiles of 122mm, and howitzer shells of 105mm. In the plants in Kiseljak, as director Ramljak tells us, they constantly improved their production "thanks to the fact that we constantly acquired new knowledge; one of our men used to go especially to the Military- Technical Institute, so that afterward we had no more need to improvise."

"With production organized in that way," Ramljak tells us, " we satisfied 80 percent of the needs of the Kiseljak HVO for material- technical means. We only had to provide small ammunition from outside. As for the precision of those mines, we could not achieve table values, primarily because of different quality of gunpowder. Therefore, we tested each new series of mines on the training grounds, and thus we arrived at new tables which we then sent to the people on the ground. The best results were shown by the 76mm shell for recoilless cannon. The commander would say 'shoot from 2km at the window of that house,' and, indeed, the shell would fly right through the window! Thanks to all that, people felt safe on the front lines, because they knew that they would never lack ammunition. Well, in eight months we manufactured 15,000 mortar shells only, not to mention anything else."

Still, engineer Mladen Ramljak is not an optimist when it comes to the future of the special-purpose, military industry on the Croat territories in Bosnia-Herzegovina.

"That functioned during the war. We had a market and nobody asked about finances. But now times are changing. Somebody should stand behind you, somebody has to make an order. Whether that is the government, the Ministry of Defense, or somebody else is irrelevant. However, that has still not happened, all producers fish in troubled waters to get some sort of job and to sell their own products for the needs of the Army. That is a very sensitive question, because now standards and criteria are changing. The Army sets regular conditions for quality, and not everything is satisfactory any longer. In Herceg-Bosnia we now have five hand grenade producers. Everybody would like to produce mortar shells. Everybody would like to do everything, and things cannot be done that way. However, there is nobody to express the needs of the HVO for those means and to determine the producer. Thus we have reached a situation where some programs are made by those who by no means are able to do them. There is hardly anybody in Herceg-Bosnia who satisfies the standards implied in the military industry, excluding of course the Vitezit. They could find a place in the future military industry, whereas everybody else would have very little chance. The present production of weapons and military equipment in Herceg-Bosnia must be put in order, or else the entire production should be stopped," Ramljak says categorically.

[Box, p 9]

The price of ammunition (per piece) produced in Croat factories in central Bosnia according to the price list set by the Ministry of Defense of the HR [Croat Republic] of Herzeg-Bosnia:

Product	Price in German marks [DM]
Hand grenade	18 DM
60mm mortar bomb	120 DM
82mm mortar bomb	230 DM
120mm mortar bomb	350 DM

The price of arms and ammunition (per piece) for the Croat enclaves on the "black market" during 1993 and 1994:

Product	Price
7.62mm bullet	1-5 DM
122mm Howitzer shell	3,500-4,000 DM
120mm mortar bomb	1,000-1,500 DM
82mm mortar bomb	500 DM
M84 machine gun and case of ammunition	800-3,000 DM

Commentary Views 'Resignations' of TV Editors

AU1101085196 Sarajevo VECERNJE NOVINE in Serbo-Croatian 5 Jan 96 p 3

[Commentary by N. Mujcinovic: "Professional Reasons, Not Exhaustion"]

[FBIS Translated Text] ONASA has published news of the new personnel changes in Bosnia-Herzegovina Television. Senad Hadzifejzovic has taken the place of Mujo Delibegovic, the former editor of the news and political program. Senad Malohodzic, editor of the Radio and Television of Bosnia-Herzegovina internal policy program, has also been released from his post.

Delibegovic and Malohodzic, about whose removal there are many rumors, are still professionals, so they do not want to talk about the events in the Radio and Television of Bosnia-Herzegovina outside their mother company.

Today, however, the editorial staff received Delibegovic and Malohodzic's reaction to the news of their "removal from office" in written form, stating that they had submitted their resignations as early as 18 November last year, and that the resignations, although officially submitted then, were only considered on 3 January. Their dismissals were then requested. Mujo Delibegovic, Senad Malohodzic, and Aida Salcinovic, who signed this letter, point out that they submitted their resignations for purely professional reasons, and that they are as firm about their further involvement in Television of Bosnia-Herzegovina as they were before.

This response also states that they were surprised by the statement of Ahmed Hadzijamakovic, director of Bosnia-Herzegovina Television, in which he said that "the people were simply exhausted, to put it simply, and tired; the personnel was simply fatigued, and there were no official resignations."

All day long, I [Mujcinovic] tried in vain to get through to the director of Television Bosnia-Herzegovina, who had no time, because of his "numerous urgent appointments," to explain his statement, that is, to tell us whether the resignations were the real reason for the dismissals of the editors of Bosnia-Herzegovina Television.

[Box, p 3]

Makarevic Submitted His Resignation

According to unofficial information received yesterday, apart from Delibegovic, Malohodzic, and Salcinovic, Bakir Makarevic, the editor of Bosnia-Herzegovina Television DESK, also submitted his resignation at one of the meetings. As yet, we have been unable to discover the reasons of his resignation.

Croats Accuse Sarajevo TV of 'Double Standards'

LD0701190796 Mostar Croatian Radio Herzeg-Bosnia in Serbo-Croatian 1700 GMT 7 Jan 96

[FBIS Translated Text] We have just received another statement from Sarajevo from the officials representing the Croats in the Federation of Bosnia-Herzegovina regarding an inappropriate way in which the statement of 6 January 1996 by the Croat officials of the Republic and Federation of Bosnia-Herzegovina was presented in the Bosnia-Herzegovina TV 1930 news bulletin. Today's statement is in protest against the way the 6 January statement was treated, that it was ignored and draws attention to the implications of this.

It is said in the statement, signed by, among others, the Bosnia-Hercegovina Federation President Kresimir Zubak; Bosnian Justice Minister Mato Tadic; and Vladislav Pogarcic, deputy minister of foreign affairs, that in the case of their statement yesterday, Bosnia-Herzegovina TV again used the same method as their colleagues in Pale. This means that only some parts of our statement were read out, while the rest — because, as the young news editor-presenter claimed, it amounted to, and I quote, a personal insult — was left out. This is a treatment that Bosnia-Herzegovina TV did not mete out on a statement that rudely insulted Bosnian citizens who, out of their free choice, decided to mark the New Year or rejoiced at the appearance of Father Christmas. This is yet more evidence, the statement says, of double standards of the Bosnia-Herzegovina TV staff and of a deliberate and in no way coincidental orchestration of an anti-Croat campaign.

The statement goes on to complain how the public was not told about the criticism of the Croats of Mostar when they advocated that Mostar be transformed in a multi-communal town community. This concept was accepted by both the Muslim side and the international community and was verified in Dayton. The Bosnian public was neither told about the killing of two members of the Croat Defense Council in Usora on Christmas Day, the statement says, and goes on to say that all evidence of this crime was destroyed by Bosnian officials. The public was only told how this was a personal insult as far as the Bosnia-Herzegovina TV was concerned. The tragic death of young Zeljko Ljubic has ensured that the same public has finally realized that shooting is also being done from the eastern part of Mostar. The statement goes on to say that individuals, members of a group exercising strong influence on the Bosnian capital's media, have been engaged in a continuing campaign of convincing the public in if not exclusive than at least identical responsibility of Croats and Serbs for the tragedy of Bosnia.

All this indicates that if we want a genuine peace, democracy, equality, and right to free speech, the public, for its own benefit, should insist on fundamental changes in the Bosnia-Herzegovina TV, the Croat officials in the bodies of the Bosnia-Herzegovina Federation say in their statement adding that the public should not accept attempts to serve it partial information through omissions, through taking words out of context, concealing facts, censorship, and manipulation of facts.

In their statement the Croat officials invoke the law on information and call on the Bosnia-Herzegovina TV editor to ignore his personal reasons and to publish the statement in full.

Republican Party Notes 'Imperious' State TV

AU1101133996 Sarajevo Radio Bosnia-Herzegovina Network in Serbo-Croatian 1100 GMT 11 Jan 96

[FBIS Translated Text] The news conference held by the Republican Party today touched upon the functioning of the Federation, the attitudes of the state media, and the paying out of the remaining pensions. Amra Durakovic has the details:

[Durakovic] Being of the opinion that the Federation is the only solution for the citizens living in it, the Republicans demand that the people who are hampering its implementation be identified publicly.

It demands of the Federation president and vice president, Kresimir Zubak and Ejup Ganic respectively, that they work on the basis of the report by Hans Koschnick [EU administrator of Mostar], point to the elements obstructing the Federation and, if they are unable to do so, step down from their posts.

Regarding the formation of the council for supervising the implementation of the Federation that is to be headed by the presidents of Bosnia-Herzegovina and Croatia, the Republican Party is of the opinion that it should include people who enjoy respect among both peoples, who are objective, and who care about the Federation.

The Republicans deem the return of refugees and expellees to be the most important task.

The media is one of the prerequisites for democratic life. The Republican Party is of the opinion that the Television of Bosnia-Herzegovina should be more open to all political views and all people who advocate a multi-national Bosnia-Herzegovina. If the state television continues to have an undemocratic and imperious editorial policy, the Republicans will demand of the EU [words indistinct].

Finally, the Republican Party again voiced an appeal to the government regarding the paying out of the remaining pensions. If that is not done by the end of January, the party will address the international public, particularly those countries that are sponsors, and demand that some of the donations be allocated directly for pensions.

Croats' Absence Causes TV Program Cancellation

LD1101230396 Sarajevo Radio Bosnia-Herzegovina Network in Serbo-Croatian 1900 GMT 11 Jan 96

[FBIS Translated Text] In this evening's Daily News we are carrying part of a conversation which our colleague Jadranko Kasan conducted with Kresimir Zubak, president of the Bosnia-Herzegovina Federation, relating mainly to the latest events in Mostar, which has experienced a good deal of tension, but which, fortunately, has not produced serious consequences. [passage indistinct]

This excerpt from the statement by Kresimir Zubak, president of the Bosnia-Herzegovina Federation, was selected from a lengthy conversation which was scheduled for broadcasting in the first group of programs relating to the Federation, called "Yesterday, Today, and Tomorrow," which should have been broadcast this evening.

According to an agreement, the guests on this program — apart from Mr. Zubak — should have been Dr. Ejup Ganic, vice president of the Federation; Miro Lazovic, Speaker of the Republic's assembly; and Dr. Zlatko Lagumdzija, deputy chairman of the Social Democratic Party.

Unfortunately this program has had to be postponed because the president of the Federation, together with other officials of the Croat nation, departed urgently for Mostar in order to fulfill their obligations as set out in the Dayton Agreement in connection with the cessation of the functioning of Herzeg-Bosnia.

Journalists Assess State of Local Media

AU1501165596 Rijeka NOVI LIST in Serbo-Croatian 7 Jan 95 pp 12-13

[Report by Sanja Despot and Snjezana Pavic: "Wait Until the State Starts Thinking"]

[FBIS Translated Text] "There is the famous joke: What do you do when a bad chess player starts making good moves? Just let him start thinking. It is very difficult to speak about the Bosnia-Herzegovina media in terms of dependence and independence. It would be difficult to speak about these phenomena in a state in which there was socialism for 40 years, followed by a four-year war. I had my own program on state radio for a year and a half at the beginning of the war. It was sometimes very brave to broadcast certain things, but I never received a call from anyone. I think that there is freedom, because the state does not have enough time to occupy itself with the media — but wait until it starts thinking!" This is what Boro Kontic, the well-known former editor of Radio Sarajevo, or rather Radio Bosnia-Herzegovina, and one of the founders of the "Nadrealisti" group [pre-war satirical humorists], told us. He now works for the Voice of America, and is the head of the Bosnian Media Office of the Soros Foundation.

The fact that he works for the Soros Foundation has not made the authorities in Sarajevo angry: "We are an economic state; everything according to the motto: Look how he came by his money! I do not believe that anyone thinks that there is a problem between myself and my own state just because I work for Soros; people only think that I have money. Soros is not welcome either in Belgrade or in Zagreb. You probably know that Yutel [pre-war independent television station, based in Sarajevo] could only operate in Sarajevo before the war," he says.

The two principal favorites of the Soros Foundation are now OSLOBODJENJE and SLOBODNA BOSNA, followed by DANI and VECERNJE NOVOSTI. It also supports Sarajevo's local radio stations. Apart from that, it has established newspaper workshops so as to relieve the horrible situation among unemployed journalists in Bosnia- Herzegovina. Soros is active in those areas under the control of the Bosnia-Herzegovina Army; he has not been able to gain access to the Croatian part. Kontic left Radio Bosnia-Herzegovina when he was offered the choice of either working for the house or for foreigners.

The "in-house" salary was five to six German marks per month. Boro opted for VOA.

The Good Journalists Have Left

The position of the media in Bosnia cannot be described in black and white terms. The general chaos in the country is reflected in the media. The heroes of our story — the so-called independent reporters — see the future in different ways, but all of them agree on one thing: There is no good journalism in Bosnia-Herzegovina, primarily because the good journalists have left. Those between 25 and 50 years of age, and there are many reporters and former editors among them, have gone from the city.

"Each one of us would have enough reason to stop doing this job if there were not the drive, the wish to remain faithful to the profession. This is a matter of personal endurance and strength," Senad Pecanin, editor in chief of DANI, an independent news magazine with a cult status outside Sarajevo, told us.

"More than 60 percent of the young, educated people have left the city. They are also leaving DANI. Approximately 50 journalists have 'marched through' DANI's offices since September 1992. I am the only founder of DANI still working for the paper, after Karin Zaimovic died four months ago as a victim of the Chetnik orgies in the city."

He also reveals that, apart from "the debt to the profession," there were more concrete motives for being active in journalism during the war. Journalists were often in a better position than the politicians: "Being accredited with the UN Protection Force meant life in Sarajevo. It enabled you to fly from Sarajevo even when this was impossible for Alija [Izetbegovic]. Whereas the president had to squeeze through the tunnel and climb Mt. Igman [the only route out of Sarajevo was through a tunnel under the airport and a climb up Igman, to where a bus was waiting], we were flying in aircraft. The purchase of food, drinks, and cigarettes at the UN Protection Force duty-free shop was something that other people could only dream about when a package of cigarettes or a can cost a fortune. We could also buy fuel and received salaries. All the good journalists were working for the foreign media when the salary of a professor or a surgeon was five German marks. Attracted by these motives, journalism was overrun by ambitious, but uneducated people. There is a huge professional gap," Pecanin claims.

He claims that the war cannot be an excuse for a bad press. His motto has been from the very beginning: "Let us either make newspapers that fulfill certain criteria, or not make them at all."

The situation was worst in 1993, when there was no paper for printing, when OSLOBODJENJE had a print run of several hundred copies, just in order to maintain continuity. At that time, DANI was not published for three months.

Absolute Priority for AVAZ

How many copies of AVAZ will be published depends on newsprint. AVAZ is published approximately once a month, in a print run of 5,000 copies. Its price is two German marks and sales cover only 3 percent of the costs. The rest is covered from donations. Pecanin thinks that with good advertising 15,000 copies could be sold in Sarajevo alone and as many again throughout Bosnia-Herzegovina. This circulation could cover costs, but there is no newsprint, no distribution network, and the administrative hurdles are insurmountable.... The authorities of the so-called Herzeg-Bosnia do not allow us to bring in copies without paying huge customs duties. The Bosnia-Herzegovina authorities demand their cut, too, and there are huge restrictions regarding crossing the airport runway and the use of the tunnel. Special military permits are necessary for the tunnel, which papers such as DANI cannot get. AVAZ does not have such problems: the newspaper is transported from Metkovic under police control.

Apart from that, its employees have absolute priority in using the tunnel, the runway, the road over the Mt. Igman, they are not mobilized, etc.

Just as in Croatia, the principal media in Bosnia-Herzegovina, Radio and Television Bosnia-Herzegovina, are completely controlled by the official authorities and, as long as the situation remains lik this, the ruling SDA [Party of Democratic Action] is not especially endangered by media that criticize it. During the war, approximately 10, more or less, independent radio and television stations came into existence in the Sarajevo area, predominantly because of the "creative syndrome" in the besieged city.

The most popular are "Hayat" and "Radio 99," the latter recently also with its own television programs. There are also "Radio Zid," "Radio M," and "Radio Vrhbosna." The most influential press is semi-independent: the "communist" OSLOBODJENJE and VECERNJE NOVOSTI, but the authorities are not entirely happy with them any longer. Apart from that, there are the regime papers DNEVNI AVAZ, LJILJAN, DANI, and the latest enterprise: the biweekly SLOBODNA BOSNA.

The situation in Sarajevo has become paradoxical. "Studio M" and "Radio 99" were established immediately before the war and were followed by seven other stations, in a city in which there was often no electricity over periods of six or seven months. Over the last three and a half years there was no electricity for more than two and half years all together.

Why did a country at war allow the electronic media to spread without any restrictions? Kontic answers: "We have taken over all the laws from the former Yugoslavia, such as the laws on information, on radio and television communication. They only formally comply with the fact that Bosnia-Herzegovina is an independent state.

We still do not know what the new laws will be like or how frequencies will be allocated. We shall have to discuss this important topic, as you cannot pass a law on reporting if you have 2 million refugees. There must be a list of priorities. The situation will become interesting once the problem of the transformation of property is raised, since it is not known in half of these media what belongs to whom. We are now at a stage in which we are approaching normal life."

Dirty Pamphlets Against DANI

"The situation is completely different in Bosnia-Herzegovina from that in Croatia," Pecanin says, and adds: "The politicians know that DANI is sold in Sarajevo in a print run of 5,000 and LJILJAN in one of 200, which is why they like being interviewed by DANI and maintaining a good relationship with us."

The most unpleasant thing is to write about nepotism in the military leadership, the SDA, and the foreign service, but as the worst reaction so far, Pecanin mentions "dirty pamphlets published against him in LJILJAN." "If only 5 percent of this were true, Karadzic would have given me a medal. When such an atmosphere is created, it is unpleasant to work in a city in which a mob of lunatics are walking around who need only a small incentive to perform their 'patriotic duty.' Still, we keep on working despite the astonishment of our parents and friends."

There are always dangers such as mobilization. Some of us were summoned to dig trenches when no one from any other newspapers was called: 15 days on Mt. Treskavica, a real Golgotha. He concludes, however: "If we take into consideration the circumstances of war, the present leadership has retained a high level of freedom for the press. The problem is, however, that this is not the expression of their wish to develop a democratic society, but of their need to make the world like them, since they depend on it from the humanitarian, political, and military point of view. As soon as they think that they are strong enough not to have to care what the world says, they will start exerting pressure on the free media. This might happen after the first elections, since there is no doubt that the nationalist parties will win. They will then be confronted with problems caused by the war that no party will be able to solve and will look for an solution in a monolithic structure, in suppressing the opposition and all kinds of reproaches."

His pessimistic views are not shared by Senad Avdic, editor in chief of SLOBODNA BOSNA, or Sejo Omeragic, his deputy.

Expecting Positive Developments

"There is still a dose of democratic consciousness, the awareness of the dangers of any kind of repression in the media. I think that Izetbegovic especially has that sensibility, because he had such experiences himself. He is not the man who would not receive Soros, as when Tudjman refused to receive him. He knows that that man has spent millions of dollars over the last two or three years in Bosnia and he respects it. On the other hand, there has been a democratic system in Bosnia-Herzegovina, regardless of whether it has been circumvented or not, with a Presidency, five members of which do not come from the ruling party, and the Assembly with four or five different parties active in it. It cannot be claimed that they do not have any power; this was seen in the Silajdzic case, when the opposition did not allow the matter to turn out as it had been planned. Formally, the Presidency cannot make any decision without the consent of these five people. At the same time, the leadership has in these three years been engaged in the war, logistics, in pure survival, and it could not afford the luxury of developing a state apparatus and censorship. Now elections are approaching and in three months everything will be different and they will have not developed control mechanisms by that time. It will come to internal divisions within the ruling party, just as happened within the HDZ [Croatian Democratic Community] after the war.

I do not believe that the HDZ of Bosnia-Herzegovina or the SDA will remain unique. It will come to a split within these party movements and new possibilities will arise. I absolutely expect positive developments. There will be dissidents, like Manolic and Mesic [leading HDZ members who formed a new party in Croatia], who will air the dirty laundry," Senad thinks. He adds: "Karadzic clamped down on everything and look what happened to him. Total chaos."

"It would be stupid of the authorities of Bosnia-Herzegovina to make the same mistake, not to allow the expression of free democratic opinion, because in this way things become clear. This cannot be stopped; it is like water. You stop it with your hand, but it still seeps through. There is no repression that can stop these processes," Sejo adds.

SLOBODNA BOSNA: A New Movement

SLOBODNA BOSNIA is a new project that will be supported by the Soros Foundation for the next year. It is a biweekly now, and it is planned to transform it into a weekly within the next six months. It is sold mostly in the part of Bosnia-Herzegovina under the control of the Bosnia-Herzegovina Army, but Avdic thinks that after distribution has been established some 3,000 issues could be sold in Zagreb and perhaps 2,000 in Slovenia.

They have not reached Kiseljak or western Mostar yet: There are no formal prohibitions, but no one wants to sell the newspaper there. People are afraid that someone will demolish their newsstand if they see a Muslim paper in it. Nor can it be recommended that newsboys distribute it. Whereas in Herzeg-Bosnia no Muslim press is sold, Croatian press is read in Sarajevo, since the blockade has been partially raised and the inhabitants of Sarajevo are happy to be able to read fresh newspapers instead of weeks-old ones.

"We are trying to introduce normal standards. In other words, we are trying to achieve a situation in which papers appear regularly, so that they can live according to market-economy principles," Senad explains. He wants to get rid of the current prevailing opinion "that a sponsor is indispensable"; the number of copies printed should depend on how much advertising there is and how well it sells this. According to the existing agreement, after a year, Soros will leave them to rely exclusively on the market.

"When we made our initial plans, we thought that the number of copies would never exceed 8,000: 4,000 in Sarajevo and 4,000 to 5,000 in the rest of Bosnia. We exceeded these figures with the first issue, and since the seventh issue we have been printing 3,000 to 4,000 copies fewer than we can sell. The reasons are bizarre: We have, for example, a vehicle that can hold no more than 10,000 copies. The question is again whether we could cover our costs if we printed several thousand copies more — because newsprint and printing are expensive.

The secret of their success also lies in the price: The paper costs 100 Bosnian dinars. This means that it can be paid for in dinars, and not exclusively with German marks, like DANI. We wanted to overcome the self-love for Sarajevo and also sell the newspaper in Tuzla, Mostar, Bihac, etc.," Avdic adds. It is shocking that we sell between 600 and 700 copies of every issue in Visoko, a small town in which we sold no more than 50 or 100 copies in earlier attempts to publish this paper before the war. When the powerful Cengic family (the father is the logistics chief of the Bosnia-Herzegovina Army in Visoko; the son is a diplomat in Malaysia) ceases to be dominant, people will get used to us. The paper must also be bought by those who support the SDA, as well as by the allegedly liberal population.

OSLOBODJENJE Without Risks and Without Passion

How much can criticism of the leadership harm Bosnia at a time when the Serbs are still across the road? Senad replies: "If in a story about the fall of Srebrenica you avoid mentioning the responsibility of the world or of the Serbs, since we know anyway what they have been like for the last three years, and focus your attention on the Bosnia-Herzegovina Army and its leadership or, to be more precise, on particular names, you do not do this to rubbish the Army but a particular member of that army, such as Enver Hadzihasanovic, the chief of the General Staff, who was firing at my house from Lukavica until 20 May 1992. The former commander of the Lukavica barracks behaved in the same way: He did not care about the people, he lied to the Presidency that 12,000 soldiers had been rescued, when the figure was only 3,000, and they were not saved because of help offered to them, they did it on their own: I do not think that this is writing against the state and the army."

Asked whether anything could happen to him because of that, Senad Avdic replies: "I would tell you if there were no bugs! The people who do not do that say that consequences are possible. [sentence as published] OSLOBODJENJE claims to have terrible problems. I do not know what article is causing them problems. Fear of the consequences is both a pretext and an alibi. I have worked for OSLOBODJENJE myself and I had problems, because people who worked there were afraid. They were afraid of calling the Yugoslav People's Army [JNA] a Chetnik army, and three months before that they published an interview with Blagoje Adzic [JNA chief of the General Staff at the time of the aggression against Croatia], in two installments, in which he claimed that Vukovar 'had to be liberated, since the Ustasha were not tolerable any longer.' This is what OSLOBODJENJE, which was declared newspaper of the year, did. When, two months before the war, Karadzic threatened to kill people, Zlatko Dizdarevic, journalist of the year, published an article entitled 'Their War,' in which he claimed that Karadzic and Alija would be waging war and we democrats did not care. This is how OSLOBODJENJE writes, without risk but without passion.

"In the first clash that I had with Gen. Enver Hadzihasanovic, when I said that it was not true that he had participated in the first liberation of Ilidza and told him that he had participated on the JNA's side, half of the editorial board took Gen. Hadzihasanovic's side, since they thought that it was opportune.

"The leadership is pleased to have the two key media, radio and television, and are not afraid of the newspapers: OSLOBODJENJE from Bascarsija to Alipasino [Sarajevo suburbs at eastern and western edges of the city]. [sentence as published] In three and a half years no one has seen it in Tuzla, while DANI might perhaps be found somewhere, but this is all: 2-3,000 copies, which is not enough. Until SLOBODNA BOSNA sells 5,000 copies in Zenica, I do not think I have completed my task," Senad concluded. Later on, he was more relaxed and told us: "There are various kinds of nonsense here. In the latest issue of DANI, Culture Minister Enes Karic praised Police Minister Alispahic; he only reproached him for keeping DNEVNI AVAZ. What does it mean to praise a minister who keeps a newspaper? This is nonsense."

"In the three and a half decades of my life I have never felt less safe and less protected than in these 15 days of peace," Senad claims.

The Sarajevo population became so agitated that the editor in chief of OSLOBODJENJE asked Izetbegovic himself to comment in the New Year issue on the "phenomenon of physical attacks on journalists" as the worst possible expression of intolerance. Izetbegovic said that no serious person could deny that the media in Bosnia were free. He said that not every "fight in a restaurant could be declared a political incident, just because one of the participants was a journalist." "Journalists are also entitled to go to restaurants, have a drink, and even to fight with someone. This is their human right and no scandal should be made out of it," President Izetbegovic commented.

Senad responded in OSLOBODJENJE with an article entitled "Two People Are Not Necessary for a Fight." "It is not the first time that Alija Izetbegovic has received an incorrect piece of information from his closest assistants, which regularly results in his humiliation." The title draws a parallel with the destiny of Bosnia: You do not need two for a quarrel, since the aggression on Bosnia-Herzegovina was made by one side only. "People who told you the reasons why I was beaten up — I have no doubts about this — and who sit either in the Interior Ministry or the Bosnia- Herzegovina Army, were the direct organizers of the attack against me. You still trust them, but please do trust a little those who say that this is state terror," Senad Avdic concluded his argument.

Senad Avdic Beaten Up

[Box, p 12]

Soon after our interview, Avdic's optimism over the free media in Bosnia-Herzegovina were partially contradicted. He was attacked from behind by a group of youngsters, who did not have any motive whatsoever, in the "Bosna" Hotel discotheque on 24 December 1995. He was there with some girls working for SLOBODNA BOSNA and did not even see the attackers. While we were seeking a motive for the still officially unidentified attackers, his colleagues told us that everybody had threatened Senad at least once, because of his articles.

In this issue of SLOBODNA BOSNA, Senad claimed that the attackers had a precise order to kill him, and addressed an open letter to President Izetbegovic, reminding him of meeting that a SLOBODNA BOSNA delegation had had with him before the newspaper came into existence. Asked by the president how he could support them, Senad only asked him for one thing: to use his authority to prevent possible repression against the newspaper and its employees. He was given that promise.

"It is only natural that I could not tell you at that time that some state institutions had also taken certain 'safety measures' before our conversation. People who were to start working on the newspaper were invited to the Interior Ministry, were offered cooperation, and were threatened with Treskavica if they did not agree," Avdic writes, and adds that they were required to report on his talks and meetings, especially with Silajdzic, Durakovic, Orucevic, Mahmutcehajic, the academician Filipovic, Gens. Halilovic and Pasalic, etc. In Senad's words, surveillance of his work was required by the police and the military intelligence and counterintelligence services, which had been drilled in the "KOS [SFRY Counterintelligence Service] hole" for 20 years. Senad remarked that intelligence officers of that kind enable the state to have information on every single politician, officer, or journalist, but not about the intentions of Chetniks to attack Srebrenica or Zepa, for example. Avdic complains that their correspondents from Serbia receive threats, although they publish under pseudonyms, since "the Sarajevo network functions perfectly" and gives them all the information on time. "Who else could it be if not those who regularly bug our telephones and therefore know precisely until what time I would be at the office on Sunday, and who with and where I would be after that. Only this enabled them to send their clients to settle accounts with Avdic," Senad wrote in his open letter, and stated: "I do not know how much of this you can control. If you cannot, it is horrible, and one should flee this country. If you can but do not do it, it is no less dangerous and horrible."

Article Surveys Sarajevo Media, Future

AU1701170996 London WARRREPORT in English Dec 95 pp 32-33

[Article by Zoran Udovicic, director of Media Plan Sarajevo, in Sarajevo: "Wanted: Good Hacks"]

[FBIS Transcribed Text] Media Plan, an association for the restoration and development of media, was founded in Sarajevo in early 1995, with the slogan "Think of the future, so that peace does not surprise you." Now that some form of peace has come, if the training of journalists and preparations for the opening of free market does not start soon, then some important media projects in Sarajevo will surely fail.

Near the beginning of the war, the best-selling newspaper in Sarajevo was a free advertisement paper, OGLASI, with circulation or 1,500. It sold for one DM, a phenomenal price when monthly salaries averaged at five to six DM. In comparison, mainly because of shortages of newsprint, ink, and electricity the daily OSLOBODJENJE only had a circulation of 500 and reached its public mainly by being hung up on walls and notice boards throughout the city.

The Sarajevo media scene has stabilised since. OGLASI is still published and read with undiminished interest, but OSLOBODJENJE has now reached a circulation of 7,500 — even though still limited by availability of newsprint and its relatively low price of 50 B-H dinars, or 0.5 DM. The first phase of war journalism in Sarajevo was characterised by a high level of enthusiasm, the non-existence of a media market, and irregular working conditions, which offered greater opportunities to media that were more resourceful than professionally endowed. Greater press freedom gave rise to newspapers expressing a bewildering variety of ambitions, hobbies, and even business interests. Some of the businessmen tried to use their newspapers to promote their other interests, while others used them to obtain UNPROFOR press concessions.

Sarajevo now has no less than 45 different newspapers and magazines. However, it is far easier to start a newspaper than ensure its continuity, which is why some papers flopped after very few issues. The solid line of Sarajevo journalism is today maintained by three dailies, and a handful of magazine. And despite the war and siege, the city's media structure is pluralist. Apart from standard publications, there are seven children's and educational, mainly irregular, magazines, three women's magazines, one business magazine, three cultural magazines published by various national cultural societies, six religious and religious educational magazines, seven general interest magazines, and even comic, sports, crosswords and video magazines.

The Sarajevan electronic media have had a far more stable history than the print media. Not one of the new radio or TV stations has stopped broadcasting yet, probably because of the high costs of setting up such ventures in the first place. Nine radio and three TV stations now broadcast in the city at the moment, which is a marked improvement on the pre-war situation, when there were only four radios and two TV stations.

All four Sarajevan press agencies were started at the beginning, or during the war. Two of them are of general variety: the state- owned Bosnia-Herzegovina Press Agency, and the independent agency ONASA. Of the other two, one is of national-religious orientation, the Muslim Press Agency, and the other one, Sarajevo fax (SAFAX) is a specialised news service.

Officially, of all the political magazines, only HRVATSKA RIJEC and LJILJAN cater exclusively for a particular ethnic group, while the magazine formerly known as BOSNIAK AVAZ has cut its ethnic title to become just AVAZ. Only Radio and TV Bosnia-Herzegovina [RTV B-H] are formally state-owned, although its ownership has not yet been officially transformed from the former form of social ownership into state ownership. The government has announced a revision of the pre-war transformation of formerly socially-owned enterprises, such as OSLOBODJENJE, into joint-stock companies. All other media are privately-owned. Discussion on media independence and the potential for media use and abuse by the government or political parties have rekindled recently, particularly since the series of incidents such as the demolition of Studio 99 transmitter mast, a clash of opposition parties with the director of RTV B-H, and threats to some journalists and media for their "excessive openness." Those pressures come less from the government and state institutions that from the ruling party and clandestine informal power centres.

However, the greatest danger for many Sarajevo media is their unreadiness to enter the free market media battle, inevitable with the peace. A reliance on donations has disabled the entrepreneurial zeal of many media. Only the LJILJAN and BOSNIAK AVAZ magazines and the independent radio and TV station Hajat, have so far worked out a long-term business strategy and are investing in management, marketing and development. The AVAZ publishers recently drew attention by starting a daily paper after only one month of preparation, which involved a collective defection of a team of 40 journalists from the competing VECERNJE NOVINE.

Some say this is the harbinger of a coming free market, but rivals warn it is only muscle-flexing and a sign of AVAZ's willingness to exploit their high-level connections. They point out that while their distributors have to queue up at UNPROFOR checkpoints exit Sarajevo like everyone else, AVAZ is regularly taken out of town in the early morning hours by police.

Another factor contributing to the bad situation of the Sarajevan media is the personnel crisis, which has taken its toll on the professional outlook of most media. Only five professional journalists on average work in any one of Sarajevan media today, while others are usually young, inexperienced and inadequately trained freelancers. Most of the media do not see this as a major problem, and concentrate on fund-raising. The owner of one Sarajevan radio station told me that it is now easier to raise 100,000 DM for technical equipment than to find three good journalists.

The Media Market

There is no media opinion poll service in Sarajevo, which makes it difficult to assess the influence of individual media. For this article, I consulted several members of the Media Plan research department and the results of a project recently conducted by B-H DANI magazine, The Media Picture of Bosnia-Herzegovina. The project consisted of survey of the media using a relatively small sample of 300 people.

OSLOBODJENJE is the daily newspaper with longest tradition in Sarajevo and in Bosnia-Herzegovina. Its current circulation is 7,500 is limited by the availability of newsprint. It has an international edition, and recently has been distributed in other free territories of B-H. It has a recognisably independent orientation and a strong team of political commentators and a multi- ethnic editorial staff. Financially assisted by the Open Society Foundation, its major fixture projects are covering the entire state territory, increasing the number of pages and broadening its content.

B-H DANI is an independent magazine with a distinct editorial line given by its multiethnic editors and writers. Its trademarks are bold investigative reports from the centre of most important events. Its 3,500 circulation is limited by restrictions on newsprint and its cost price, which is four times the sales price. It publishes a condensed French edition, supported by French citizens' associations and receives donations from various sources. Its main future aim is to establish a stable weekly rhythm of publication.

LJILJAN is a national (Bosniak/Muslim) magazine with a circulation of 6,000 which insists on topics of national interest. Some of its articles, such as one on mixed marriages, have provoked wide controversy, and secured a reputation for intolerance. It is supported by one group of Bosniak intellectuals, and has a strong presence in army circles. It uses donations from various sources, particularly from the Diaspora and the Islamic world. It is close to the ruling party, although in conflict with some of its factions, and has an international edition.

VECERNJE NOVINE is a daily with a circulation of 6,000, including other parts of B-H that used to be quite influential among the less educated and working class people. At present it is undergoing a crisis following a defection of 40 of its most experienced journalists and other workers. It has an international edition, and enjoys the support of the International Federation of Journalists.

BOSNIAK AVAZ, an independent newspaper, has a circulation of 12,500 and the magazine, FOKUS. It is still too early to assess their influence, but the former edition, AVAZ, was a cross between a tabloid and investigative journalism focusing on scandals. AVAZ is a product of a distinctive Bosniak political current, and may become relevant in the political struggles during the run-up to elections. The only newspaper that has its own well-established distribution network, it seems to be receiving large donations from unknown sources. Its plans include an international edition, regional editions and increasing number of pages.

SLOBODNA BOSNA is a political magazine published three times a month. Its 15,000 circulation has a statewide distribution. Supported by the Open Society Foundation for a six-month period, until it gains its market share. Founded by appointing who had previously edited SLOBODNA BOSNA and BOSNA. [sentence as published] Its multiethnic editorial staff includes several strong, experienced writers who openly and boldly examine local controversies. Its major projects are for weekly publication and an international edition.

Radio and TV Bosnia-Herzegovina is the public broadcasting system, founded by the Bosnian Parliament. The influence of the ruling party is greater than that of the government. Despite great damage to its technical system, it did not stop broadcasting for a single day during the war. The TV mainly covers the territories controlled by the government troops, but the radio covers Bosnia and parts of Europe on AM. Both radios and television now only broadcast on one channel. Radio produces 24 hours, and TV 10 hours of daily broadcasts. No complex programmes are produced presently. It has a multiethnic editorial staff. It is also financed by subscription (licences), although during the war this contributed only 10-20 per cent if its funds, plus commercials and services to foreign TV companies. It has plans for a satellite TV channel.

Studio 99's radio started broadcasting before the war, and the television broadcasts began this year. According to a survey conducted by DANI magazine, it is the second most listened to radio station, after radio B-H. During the early days of war its multi- ethnic staff gained it a reputation as a champion of people's resistance, and later as a strong supporter of the struggle for democracy, freedom of thought and the promotion of human rights and liberties. It vociferously supports the creation of Bosnia- Herzegovina as a multi-ethnic and civic state. Radio broadcasts 24 hours a day, and the TV broadcasts four hours of its own programme, transmitting satellite programmes for the rest of the day.

Hajat independent television started broadcasting in the wake of war. It has the best developed programmes of all local TV stations in Bosnia-Herzegovina, and broadcasts from 8 a.m. to 1 a.m. It is particularly strong on covering sporting events, cultural and educational programmes. News programmes cover daily events and citizens' practical needs. It uses information and footage obtained from satellite programmes heavily, avoiding commentaries or discussions on controversial political issues. It has the best developed marketing in Sarajevo. Future projects include the installation of a network of repeaters around Sarajevo and in central Bosnia.

Radio is widely appreciated. According to a survey by DANI, people regularly listen to several different radio stations in order to get accurate information. The three most popular radio stations are Radio Bosnia-Herzegovina (25.8 percent), Radio 99 (17.8 percent) and Music Radio M (13.8 percent). Two radio stations with an ethnic orientation, the Muslim Radio Hajat and Croat Radio Vrhbosna have very low listening rates in spite of having strong transmitters. Radio Zid ("Radio Wall"), well known for its high quality cultural and alternative programming, as well as Radio Stari grad ("Radio Downtown"), which broadcasts from the old part of the city, draw 8 percent audience each. The least popular station is Radio ISV (4 percent), which had a very weak transmitter.

President Tudjman Addresses State Assembly

LD1501192496 Zagreb Radio Croatia Network in Serbo-Croatian 1000 GMT 15 Jan 96

[State of the Nation address by Croatian President Franjo Tudjman at a joint session of the Croatian State Assembly's Chamber of Deputies and Chamber of Counties, in Zagreb—live]

[FBIS Translated Text] Respected president of the Chamber of Deputies and of the Assembly of the Republic of Croatia, respected lady chair of the Chamber of Counties, ladies and gentlemen, deputies of both chambers of the Croatian State Assembly, respected members of the Croatian goverrnment and representatives of executive and judicial authorities, respected guests and all those present. In 1995 we marked the fifth anniversary of the autonomous and independent, sovereign, and democratic Croatian state. In view of this fact, and particularly because of the way we marked it—the first formal session of the Croatian State Assembly, the first military parade and celebrations throughout Croatia—the preceding year would have been remembered in an exceptional way. However, many events occurred that were of such fateful significance that we can describe that year as the year of completing work on setting up independent Croatia and the year in which Croatia gained full and even exceptional international acknowledgement.

It was a year of hard diplomatic negotiations and—and this came as a surprise to many people—of major political and military victories by Croatia which resulted in profound changes in both its position and in the international situation. By lightning-style, large-scale, and complex war operations we liberated the areas of central Croatia and western Bosnia. In this way we have secured, for centuries to come, both the survival and the strategic interests of the Croatian state.

Croatia totally defeated greater Serbian imperialism and its two centuries-old plans to conquer Croatian lands and the Croatian sea. These successes were the best, supreme evidence of the correctness of Croatia's state policy over the last five years. This has served to renew and consolidate the awareness of the Croatian people regarding their ability to make their independent state capable of survival despite the world's unfavorable attitude. In other words, we must bear in mind that a section of the international public as well as people at home harboring Yugo-communist nostalgia have not been pleased with the Croatian Army's successes in Croatia and Bosnia and saw them as a natural disaster. Croatia's victories changed the strategic balance of forces and, as a regional power, we became a respected international factor. This resulted in the successful outcome of the initiative launched by the international community under U.S. leadership in the Dayton agreements and their signing in Paris. As part of the Dayton accord, an agreement was also reached on the peaceful return of the area of Croatian Podunavlje to Croatia's sovereignty. In this context of particular importance is the agreement on setting up a joint cooperation council between Croatia and Bosnia-Herzegovina and the Bosniak-Croat Federation in the spirit of the Washington agreements. The first session of the council was held in Sarajevo on 4 January.

The increasingly closer ties and links of the Croatian diaspora with the homeland was in particular evidence during my visits to Australia and New Zealand. The general political mood among the Croatian people and their enthusiasm and pride over the results we have achieved was in particular evidence during the train of freedom in which, in a symbolic way, all Croatia was riding with its political leadership. Its journey from Zagreb via Knin to Split clearly showed that all the obstacles that were in the way of establishing a continuous transport link between northern and southern Croatia had been removed.

The parliamentary elections for the the Chamber of Deputies were held last year and represented yet another step toward consolidating the democratic system. After the elections, certain changes were made in the government aimed at making it smaller and more efficient with the support of a solid working majority in the parliament. Nikica Valentic left as agreed, and I appointed Zlatko Matesa as the new prime minister. Most of the ministers became members of the new government.

As for the economy, despite an inflated military budget due to large-scale mobilization and combat operations, we managed to preserve the stability of our national currency, the Kuna, and improve our country's international credibility. For the first time since the pre-war period economic growth was registered.

All in all, 1995 was a year of tumultuous developments and important events of greatest historic importance. It was the year of greatest successes since the establishment of the independent and democratic Croatian state. That is why it is more than surprising that we are facing phenomena of denying all the successes and openly aiming at compromising and destabilizing the current democratic authorities which made all those wonderful successes possible. These phenomena are damaging to the Croatian state and to Croatian state policy regarding the resolution of both vital internal and international problems.

Regardless of the varying nature of sources and intentions, they can be of use only to the forces which want to see the return of the situation as it was in the past, without a sovereign Croatia. We should always bear in mind that systematic efforts to overthrow the democratic authorities which brought about the establishment of the independent Croatian state are taking place on the margins but also as part of plans made by always present and indeed very important international players and forces, aimed at returning Croatia to some kind of a Yugoslav or an even wider Balkan association. Euroslavia, Adriatic confederation, union of southeast Europe—these are some of the attractive names for these associations.

Only a stable and strong Croatia can survive new historic pitfalls. Based on the national maturity of the Croatian nation, the results we have achieved so far, in the past year in particular, are a guarantee for the survival and future of the independent and sovereign state of Croatia.

Respected deputies of both assembly chambers, at the start of 1995 Serb rebels or rather the Yugo-Serb army still occupied 11,051 square km of Croatian territory; this amounts to 20 percent of the land or 12 percent of the entire Croatian state territory. After the Serb outlaws demonstratively rejected, by their terrorist attack on civilian passengers on the motorway near Okucani, the agreement on gradual restoration of traffic and economic reintegration of the occupied areas in the constitutional and legal system of the Croatian state, I decided that the legal system in west Slavonia should be restored by military and public order forces. The occupied region of west Slavonia was liberated in Operation Flash on 1 and 2 May in mere 36 hours. In that area rebel Serbs had a 4,000-strong military force within the 18th West Slavonia Corps and, in addition, about 12,000 voluntarily or forcibly armed people, well fortified positions, and well stocked ammunition depots hidden in the woods and meant for long-term warfare.

On our side the following units took part: The 1st, 2d, 3d, and 5th Guard Brigades, 1st Croatian Guard Corps, 81st Guard Battalion, reserve and home guard units from the Bjelovar, Osijek, and Zagreb operation zones, special public order units, and the Croatian Air Force. The vehemence of the enemy's resistance was reflected in our losses: 60 killed and 186 wounded troops. The Serb rebel forces were completely routed. Some surrendered and the rest were accompanied by the majority of the civilian population into Bosnia. Foreign military observers and analysts were surprised at the success and professionalism of the Croatian armed forces but at the same time they continued to doubt that the Croatian Army was capable of the same in Knin Krajina.

In revenge for their defeat in western Slavonia and in order to intimidate us with the rocket technology at their disposal, the Serb rebels, on the orders of Martic, used Orkan missiles to attack the city of Zagreb on 2 and 3 May. This attack killed five people and wounded 213, including 19 children.

After we liberated west Slavonia in the lightning-style Flash operation, we urged Belgrade and Knin to accept the peaceful reintegration of the occupied territories with guarantees of their ethnic and human rights. At the same time, to mark the 5th anniversary of our statehood, we organized a military parade in Jarun, to show both the Croatian and world public what we had been capable of creating, despite a total arms embargo, and what kind of armed force we had at our disposal. For the first time the Croatian people could see that their state has at its disposal state-of-the-art armed forces, and foreign military observers were stunned at the sight of technology and the high level of training and good impression made by both officers and soldiers.

Despite everything, the Knin rebels did not abandon their intentions to secede from the Croatian state and unite with the Bosnian Serbs even at the cost of a war. In order to achieve this, together with the Bosnian Serbs, they attacked the Bihac protected zone. The fall of Bihac would have caused a humanitarian disaster, such as the ones in Srebrenica and Zepa, and would have threatened Croatia's strategic interests. This is why we accepted a request to provide military assistance to Bosnia at a meeting of the state leaders of the Republic of Croatia and the Republic and the Federation of Bosnia-Herzegovina in Split on 22 July.

Bosansko Grahovo and Glamoc were liberated in the military operation in southwest Bosnia in July and August, which severed the main road between Knin and the rest of the Serbs. In addition to relieving pressure on the Bihac area, these military successes prepared the ground for the liberation of the Knin area.

Since the head of my office, Hrvoje Sarinic, and adviser Ivic Pasalic informed me that at the talks held in Geneva, after those in Belgrade, the rebel Serbs refused to accept our conditions, I decided that armed forces should liberate the occupied area of Banija, Kordun, Lika, and Dalmatia, including Knin. Operation Storm began on 4 August and ended with the rebels' total defeat on 7 August after only 84 hours. The Croatian flag was unfurled on the Knin fortress on 5 August, and on 6 August, as head of state, I visited Knin, the former seat of Croatian King Zvonimir, which the Yugo-communist army and Serb extremists turned into the capital of the so-called Serb Republic of Krajina.

This clearly showed that the main internal problem of the Croatian state was solved for good. A total of 7,940 square km, which equals 14 percent of land territory or around 9 percent of the entire Croatian territory, were liberated in this—the biggest so far—operation by Croatian forces, Operation Storm.

At that point we had around 200,000 people under arms, while 138,000 members of the Croatian army, the Ministry of Interior and the Croat Defense Council [HVO] took direct part in the operation: these comprised 116,000 members of the Croatian army, 14,500 members of police force, and 7,500 HVO members.

The following units took part in this operation: The 1st, 2d, 4th, 7th, and 9th Guards' Brigades; the 81st Guards' Battalion; the 1st Croatian Guards [words indistinct]; 28 reserve brigades and 18 home guard regiments from all six operational zones, as well as units of the Croatian Air Force. On a 630-km battlefield they fought against strong Serb forces consisting of the 7th Knin, 39th Banija, 21st Kordun, and 15th Lika Corps, and a special forces corps, totalling around 31,000 soldiers. The Serb forces had around 300 tanks, 425 guns and mortars, 160 armored personnel carriers, and 230 air defense weapons. The fact that our casualties amounted to 228 dead, 15 missing, and 1,205 wounded fighters testifies to the ferocity of the fighting and resistance.

Around 90,000 Serbs left the liberated area, despite my personal and Croatian government promises that everyone—except war criminals—would have all civic and minority rights guaranteed.

The liberation of the central part of Croatia with Knin was of inestimable and far-reaching strategic and economic importance for Croatia's policy. After exactly four years, one month and two days, on 26 August 1995 regular railway traffic was reestablished between north Croatia and Dalmatia. We marked that historic event with the trip of the freedom train, which took almost all Croatian state leaders from Zagreb to Split via Knin in the symbolic presence of the entire Croatian nation at home and abroad represented by numerous representatives. The way in which the freedom train was welcomed by people at all stations and along the railway spoke volumes about the awareness and pride of the Croatian people that their land was finally free.

Immediately after Operation Storm, in line with the agreement with the leaders of the Republic and the Federation of Bosnia-Herzegovina, Croatian military forces, together with the HVO and the [Bosnia-Herzegovina] army, continued the operation in southwestern Bosnia in August and September. This operation resulted in the liberation of areas around Bosansko Grahovo, Bosanski Petrovac, Glamoc, Drvar, Kljuc, Mrkonjic Grad, Sipovo, and Jajce. At the same time Bosnia-Herzegovina units liberated Sanski Most and Donji Vakuf, so more than 54 percent of the territory of Bosnia-Herzegovina came under the control of Croatian and Bosnian forces. Units of the HVO's 1st, 2d, and 3d Guards Brigades, other HVO units, units of the 4th and 7th Guards Brigades of the Croatian Army, and the 1st Croatian Guard Corps took part in the liberation of southwest Bosnia.

In all these operations by the military and the police in 1995, the Croatian armed forces had 473 troops killed and 2,017 wounded. Proportionally this figure is far lower than, for instance, in the case of other armies in similar operations.

By liberating Croatia's central regions, from west Slavonia to Knin and Benkovac, and after operation Flash, we made it possible for 49,000 refugees to return to their homes, and following operation Storm another 130,000 Croatian people were able to return home. Over 10 percent of national resources has been returned to Croatian sovereignty. At the same time transport costs fell by 20-30 percent. The [Adriatic] oil pipeline has been put in operation, the Zagreb-Lipovac-Bajakovo road has opened, and four hydroelectric power stations, producing as much electricity as Croatia gets from the Krsko nuclear power plant, have been reconnected to the electricity grid.

By liberating the temporarily occupied territories, Croatia gained military equipment and facilities worth 2 billion kunas: nine barracks, 27 depots, four military training grounds, eight other military facilities, two airports, and an enormous war booty comprising over 4,000 tanks, armored and other vehicles, 10 aircraft, over 350 pieces of heavy and anti-aircraft artillery, and over 12 million rounds of various types of ammunition and explosive devices.

As head of state and the supreme commander of the armed forces of Croatia I have paid tribute, on behalf of the homeland, to the meritorious participants in the homeland war by awarding them various orders; first of all, the killed and missing knights including, in particular Generals Blago Zadro and Andrija Matijas; Brigadiers Ivan Canic, Ivan Rebrina, Predrag Matanovic, Stjepan Grgac, and Ante Saskor; Colonels Tvrtko Milos, Branimir Anic, Damir Sumljanovic, and Ludvig Pavlovic; Air Force Brigadier Pilot Anto Rados; Air Force Colonel Pilots Mirko Vukusic, Marko Zivkovic, and Miroslav Peris; Air Force Lieutenant Pilots Ante Plazibak and Rade Griva; and Air Force

Colonel Pilot Rudolf Peresin, who went missing during operation Flash. From the Croatian Navy, Major Denis Spiga and the NCOs Nikola Prleta, Miodrag Pekusic, and Sinisa Tkale, and many other no less deserving heroes.

In recognition of their honor and participation in operations Flash, 295, and Storm, and in special operations, I have introduced special medals to honor all the participants.

Those most meritorious for outstanding accomplishments achieved in the entire homeland war, and particularly in 1995, received 4,774 top military decorations. The process of awarding certificates of service is nearly completed. They are being awarded to all the military and civilian participants—so far 337,000 have been awarded. A large number of soldiers, junior officers, and officers has been promoted to higher ranks.

During the entire homeland war from 1991 to 1995, the Croatian nation suffered the following casualties: in the Republic of Croatia 13,583 people were killed or are considered missing, and 37,180 people were wounded. In Bosnia-Herzegovina the Croat casualties are: 9,909 were killed or are considered missing, and 20,649 were wounded. Therefore, the overall Croatian losses amount to 23,492 killed and missing and 57,000 wounded—the overall number of casualties is 81,000. Of this number Croatia suffered 50,000 casualties, or 62 percent, while Bosnia-Herzegovina suffered 30,000 casualties or 38 percent. This is 1.8 percent of the overall number of Croats in Croatia and Bosnia-Herzegovina, but the number of casualties in Croatia stands at only 1.4 percent of the overall Croatian population, while in Bosnia-Herzegovina, it stands at 4 percent of the overall Croat population in Bosnia-Herzegovina.

Compared with the overall number of the homeland war casualties of 1.8 percent, Croatian casualties in World War II represented 5.9 percent of the overall Croatian population. The overall material damage sustained by Croatia has been put at 149 billion kuna, or around $27 billion. According to figures on direct war damage established so far, around 25 percent of production and business facilities, 9 percent of the housing stock—145,000 housing units—and numerous cultural monuments were damaged or destroyed. A huge amount of Croatian property in the countries of the erstwhile community was seized. The above-mentioned amount does not include the value of seized military property, damage sustained in the sphere of ecology, damage to movable cultural treasures, losses sustained in traffic and economic structures, and all indirect damage.

The signing of the basic agreement on the peaceful reintegration of Croatian Podunavlje and the Dayton agreement on peace in Bosnia-Herzegovina have created conditions for demobilization and transition to the peacetime setup of the Croatian armed forces.

Last year the size of the Croatian Army varied between 96,000 and 205,000. Of this number 158,000 were drafted military conscripts. In addition, 38,000 members of the forces of order of the Ministry of Internal Affairs also took part in the war for the homeland.

Immediately upon the completion of combat operations, we carried out partial demobilization, and shortly after the above agreements were signed I made a decision on total demobilization. By the end of December 125,000 military conscripts were demobilized and a further 14,000 will be demobilized by the end of this month. In addition to military conscripts, we will demobilize all technical and other vehicles that were used by the Croatian Army.

The size of Croatia's war effort can be judged from the fact that 360,000 conscripts were mobilized between 1991 and 1995. Demobilization is freeing a sizable human and technical potential for the needs of the economy and reconstruction. The Ministry of Defense puts direct savings due to demobilization at 168 million kuna per month.

We should, however, be aware that we are facing the task of a further development and peacetime organization of the Croatian army, of equipping it with the latest technology in line with our needs dictated by—relatively speaking—the longest borders in Europe, which are 2,958 km long, and by the specific geostrategic position of the country. Modern and strong Croatian armed forces are guarantees of peace and security and, furthermore, of the very existence of the sovereign Croatian state and its economic progress.

The clearing of mines and unexploded lethal weapons represents a special problem for the normalization of overall life in the liberated areas. It is estimated that during the war of liberation approximately 2 million mines were planted on both sides of the frontline and that over 1 million projectiles were fired, of which at least 10 percent failed to explode. The extent of the clearing operation can be seen in the fact that they were planted in areas 180,000 km long and 4-10 km wide [as heard], and many tonnes of them were in many industrial buildings.

A total of 1,100 soldiers, policemen, and civil defense staff are currently engaged in mine-clearing operations, although civilian authorities should be also engaged in this task.

Since the moment of liberation of the occupied areas, soldiers, together with civil defense staff, have cleared mines from a large number of roads, railroads, electricity pylons, industrial buildings, and housing units. A total of 200,000 mines and projectiles have been cleared so far. The mine-clearing poses a very big problem. It demands large funds, approximately 2.5 billion kuna, and several years of work by thousands of experts. It is estimated that 2,000 experts would have to work on mine-clearing operations for the next 8-10 years.

A special body for the organization and realization of the mine-clearing program on the entire Croatian territory is being set up at the reconstruction and development ministry and a special government commission is preparing a complete mine-clearing plan. Due to the extent and significance of this problem, we have raised the issue at the international level by briefing the United Nations and other international factors, and we can expect some assistance from the international community.

The Croatian state must make provisions for all war victims, for families of the dead and missing persons, and for invalids and wounded. A total of 110,000 families of fallen defenders, 223 complete invalids, 92 families of missing persons, and 362 partial invalids have been housed so far. Last year the Ministry of Defense set aside 392 million kuna for housing purposes and it is envisaged that 4 to 34 million kuna will be spent on building apartments and additional funds will be secured through the sale of houses for military personnel. Furthermore, a total of 833 million kuna has been set aside for invalids from the Croatian privatization fund in the form of shares. By a government decision, a project of building special houses for 105 most serious invalids has started. So far, 100 percent invalids have been given 100 cars for their personal use, and the purchase of a further 150 cars is underway. A total of 596 wounded people are being treated in rehabilitation centers.

Over one-third of the state budget, which is more than 10 percent of the GDP, was set aside last year for the overall defense needs, including the above-mentioned social provisions for victims of war. It should be mentioned that for the armed forces equipment we have—apart from imports—made special efforts to stimulate domestic production of military equipment and technology, which remains a strategic orientation charged with ensuring quality and economic viability. By developing our own military technology, we are reducing our dependence on imports and are deploying our human and economic potentials.

Today our military industry is capable not only of overhauling our existent war equipment but also of producing most complex technical equipment, including tanks and warships, and all this on the basis of our own knowledge. The examples are the first Croatian pistol, sniper, rocket system, and light grenade-launcher—Ratko Jankovic should be mentioned as an outstanding weapons designer.

To a bigger or lesser degree, around 300 businesses and more than 15,000 directly involved workers are taking part in military production. As regards special purpose production, the Ministry of Defense has concluded contracts with 51 Croatian companies. Of the large industrial enterprises which stand out most in meeting our military needs, there are Djuro Djakovic, Koncar, Torpedo Rijeka, Zis Krapina, Tanker-Komerc Zadar, Imostroj Imotski, Rapid Virovitica, Arma Zagreb, Tesla-Ericson Zagreb, ACM Zagreb, Hemerson Zagreb, Rikard Bencic Rijeka, Metal Ozalj, Metalna Varazdin, [name indistinct] Zagreb, in addition to many others.

While building the Croatian Armed Forces under extremely difficult conditions during the homeland war, we paid special attention to the education of cadres who confirmed their experience and war skillfulness fighting in Flash, Storm, and other operations. Around 6,800 junior officers and officers have completed education in our military schools, of whom around 10 percent were HVO members. Within the framework of international military cooperation we should mention courses conducted by the American MPR organization, which were completed by around 150 junior officers and officers in 1995. In civilian educational institutions the Ministry of Defense is educating 37 students at postgraduate level, 715 at undergraduate level, and 1,230 in secondary schools; it has provided scholarships for 150 students at faculties of interest for the Croatian Army. Within the framework of professional rehabilitation 206 war invalids are receiving education.

In accordance with its state policy and in keeping with international obligations, Croatia has been maintaining international military cooperation with some countries and international bodies such as the United Nations, NATO, and the Organization for Security and Cooperation in Europe [OSCE], in order to create necessary conditions for Partnership for Peace.

This year we are faced with the implementation of the agreement on peaceful reintegration of occupied Croatian Podunavlje. Before the war an overall number of 194,809 people lived in that area—87,051 Croats, or 45 percent, 39,880 Hungarians and other minorities, or 20.5 percent, and 67,878 Serbs or 34.8 percent. Croats and non-Serb minorities made up 65.2 percent of the overall population. There are around 100,000 refugees from Croatian Podunavlje, of whom around 76,000 are currently in Croatia.

The occupied territory is controlled by Serb forces of the so-called 11th East Slavonia Corps, but there are parts of the 12th Novi Sad Corps of the Yugoslav Army, while a large part of the population is armed.

Within the framework of the Dayton negotiations, we agreed to sign the basic agreement on east Slavonia, Baranja, and western Srjem—signed on 12 December—in order to avoid fresh casualties and material destruction. Given that last year we completed the war period with the liberation of the occupied areas, it is now possible and necessary to take a brief look at the homeland war as a whole. One should primarily recall thousands and thousands of those whom I should praise on behalf of the state for their contribution to the war effort. I have already spoken about promotions to higher ranks and decorations.

It would be fitting to mention from this rostrum at least some of the Croatian Army commanders who particularly stood out in achieving the above-mentioned accomplishments of the homeland war. These are Colonel Generals Ante Gotovina, Josip Lucic, and Djuro Decak; Major Generals Marjan Marekovic, Miljenko Crnjac, Ivanko Rade, Mirko Norac, Damir Krsticevic, Ljubo Cesic, Ivan Kaplar, Miljenko Filipovic, Mile Cuk, Nojko Marinkovic, and Mate Sarlija-Daidza; Staff Brigadiers Mladen Kruljac, Zvonko Peternel, Renato Romic, Jozo Milicevic, Stanko Sopta, Zeljko Glasnovic, and Mijo Jelic; Brigadier Ante Tomanovic; Colonels Mario Suljic and Danijel Kotlar; and many others.

Let us stress here that one-third of the above-mentioned are expatriate returnees, which serves as the best proof of the great contribution made by Croatian expatriates to the homeland war.

Among members of the Croatian Navy under the command of Admiral Sveto Letica the following officers particularly stood out in the homeland war: Captain Kuzman Pecotic, Colonel Zdravko Zuleva, Corvette Captain Milo Catlak, and the crew of the warship Dubrovnik.

Among members of the Croatian Air Force under the command of Colonel General Agotic, the following officers particularly stood out in the homeland war: Major General Josip Curetic, Staff Brigadier Zdenko Radulj, Brigadier Matko Raos, Colonels Josip Hrgovic and Vladimir Rajcar, and Goran Pauk, Neven Livajic, and so on.

The merit for planning, preparing, and conducting operations during the homeland war goes to the former and current chiefs of general staff of the Croatian Army, Staff General Janko Bobetko and Corps General Zvonimir Cervenko; officers at the general staff, Colonel General Petar Stipetic, Rear Admiral Davor Domazet, and Major General Pavao Miljehuc; and to Majopr Generals Vladimir Zagorec and Ivan Tolj and Brigadier Markec Rebic from the Ministry of Defense's departments of logistics and political and psychological activities.

Defense Minister Gojko Susak, in addition to the successful management of the Ministry of Defense, also carries out a special task in the building of Croat forces of Herzeg-Bosnia and in the implementation of cooperation in war operations of Croatia and the Federation of Bosnia-Herzegovina.

In the homeland war, the police force of the Ministry of Internal Affairs played a prominent role. Minister Jarnjak, in addition to the general management of the ministry, also took part in setting up the police force of Herzeg-Bosnia and the Federation of Bosnia-Herzegovina.

Those who particularly stood out in special police units are Col-Gen Mladen Markac and officials Drazen Furkovic, Mladen Leovac, Milan Arsic, Zlatko Felja, Ivan Logoric, and others.

Particular emphasis should be placed on the role played by the Croatian health service, which from the outset of the homeland war began setting up the entire health system according to war needs. Doctors and professors from the Medical Faculty in Zagreb took part in preparing the first wartime organization of the Croatian medical corps. Particular praise goes to our first and current health minister Andrija Hebrang, Ivica Kostovic, Mate Granic, and Zdenko Skrabalo. Minister Hebrang was also the chairman of the crisis medical headquarters whose members were Ivo Prodan, Slobodan Deskovic, Mate Ljubicic, Miljenko Plavsic, Ivan Medved. This team was joined voluntarily in 1991 and 1992 by 2,000 doctors from all over Croatia and Herzeg-Bosnia. Particular mention should be made of those who were killed while performing their noble duties: Andjelko Misic, Branko Guvac, Dragutin Krusic, [name indistinct] who is considered missing.

Among the praiseworthy doctors who worked in war hospitals are: Juraj Njavro, Kresimir Glavina, Miroslav Kincl, Josip Husar, Velimir Simunic, Goran Dodig, and Mihovil Biocic. The Croatian health service also took care of setting up a general health service in Herzeg-Bosnia; in their medical corps particularly praiseworthy are Vlado Tabak, Kornelije Brkic, Tugomir Gveric, Toni Kolak, Jadranko Barisic, Ivan Sarac, Ivan Bagaric, Zeljko Music, and the founders of health service in the Franciscan hospital in Nova Bila—Branimir Kulis and Tihomir Peric.

In addition to the already-mentioned contribution made by Croatian enterprises to the development of military production, those enterprises which made a great contribution to the regular and high quality provisioning of the Croatian Army throughout the homeland war should also be mentioned. These were primarily Podravka, Pik Vrbovec, Razvitak Metkovic, Pik Karlovac, Zagrepcanka, IPK Osijek, Vindija, but also many other food producers.

Among numerous clothes manufacturers one should particularly mention Cateks Cakovec, Tekstilni Kombinat Zagreb, Varteks, Vis Varazdin, Pamucna Industrija Duga Resa, Lio Osijek, Viroviticanka Virovitica, [name indistinct] Zabok, and others.

Many companies did not even expect any payment for their products, and even when they did they offered minimal prices or patiently waited because the Defense Ministry simply did not have money to meet its dues on time.

In this context we should mention the Zagreb-based Privredna Banka, headed by Martin Kacic and former Finance Minister Jozo Martinovic, who has died meanwhile. It offered steady financial support to the overall war effort. I should also mention the Croatian oil industry, headed by Nikica Valentic, Franjo Greguric, and Hrvoje Sarinic. It was a reliable supplier of oil derivatives for both the armed forces and the population.

Let us also mention numerous scientific and cultural institutions, artists and sportsmen, who in their own way played an active role in the defense struggle both by being active on the front itself or by telling the world the truth about Croatia.

Let us remember Tomislav Ivcic and his [song] Stop the War in Croatia, Croatian art forces—the well known company of Croatian artists headed by writers Josip Palada and Hrvoje Hitrec, the Ocvok theater group, the Moja Domovina group etc.

Many scientists and cultural activists were directly engaged in the Homeland War as volunteers with weapons in their hands. Let us mention the actor Sven Lasta from the Croatian People's Theater who went to the frontline as an ordinary soldier at the very beginning of the war. Today he has the rank of reserve colonel of the Croatian Army. Theater director Slobodan Praljak [issued order to destroy the ancient Mostar bridge] is a reserve general today, theater director Miro Medjimurec is a reserve brigadier, etc. We should remember all the associations and movements here and abroad which contributed to the overall war effort throughout Croatia, Europe, and the world.

Croatian radio and television as well as other media made a huge contribution to spreading the truth about the Yugo-communist and Serb aggression. Some journalists gave their lives during the Homeland War: Zvonimir Derenaj, Zarko Kajic, Gordan Lederer, Nikola Stojanac, Ivo Sipek, Gorcin Zivkovic, Djuro Podboj, Stjepan Penic, Zdenko Purgar, Pavo Urban, Zivko Krsticevic, Tihomir Tunukovic, Tomica Belavic, Zeljko Ruzicic, Ivan Masic, and let us also mention Sinisa Glavasevic [reporter, disappeared in Vukovar in 1991] whose fate is still unresolved.

It should be noted here that we waged war for four years and that we could not officially proclaim a state of war. At the proposal of the government and the presidency of the parliament I decided to introduce a state of alert after the Serb rebellion broke out in August 1990.

Based on my constitutional powers I issued a number of legally binding decrees needed at the time. Those decrees, which are still in force, should be annulled in peacetime conditions and some of their provisions should be incorporated in appropriate laws. As head of state and supreme commander of the Armed Forces, I can rightly say that we achieved a complete military victory in the Homeland War. We achieved this by building the Croatian Armed Forces in an extremely unfavorable and difficult military situation, and, as illustrated by the facts presented, this was made possible by the overall effort of the Croatian people.

The amazing victory in the Homeland War transformed Croatian into a respected regional power and a key factor of stabilization in this part of Europe.

Ladies and gentlemen, deputies, I will now speak about Croatia's foreign policy and its international position. In my report to the Croatian parliament at the end of 1994, I listed the following main tasks of the Croatian foreign policy:

1. Croatian authorities should control the entire territory of the state, bearing in mind the strategic importance of the resolution of the crisis in Bosnia-Herzegovina.

2. Croatia should promote good relations and cooperation with those states playing the most important role in international and European politics.

3. Promotion of international cooperation in accordance with UN and OSCE principles on an equal basis and with firm and consistent protection of our own national interests.

4. Croatia's orientation towards European integrations in the areas of economy and security.

Now, a year later, we can doubtlessly make an assessment on the manner and the extent to which these vital tasks of the Croatian foreign policy have been carried out.

At the beginning of 1995 we still had the UNPROFOR [UN Protection Force] mandate. UNPROFOR was not successful in implementing the Vance Plan in line with which four UN-protected areas existed in Croatia. The peacekeeping forces in effect helped in preserving the occupation with their neutral and unbiased stance regarding constant rebel Serb opposition to restoring the Croatian authorities.

Bearing in mind that rebel Serbs used this situation to form even closer links between the so-called Serb Krajina Republic and other Serb lands—they pretended that they had a state with their own president, government, and separate currency—at the beginning of 1995 we adopted a decision on terminating the UNPROFOR mandate. We should also remember that certain international players proposed to legitimize this [Krajina] in the Z-4 [Zagreb Four] plan as a way of resolving the crisis.

At the insistence of international players, who became worried that this could lead to an escalation and all-out war, we agreed on a new, but altered mandate for the peace forces under the name UNCRO [UN Confidence Restoration Operations]. We were given firm assurances that peaceful reintegration would be achieved in the course of the new mandate. However, neither UNCRO forces were able to carry out the reintegration of the occupied areas since the rebel Serbs continued to try and frustrate the efforts to implement the UN Security Council resolutions and specific agreements on a cease-fire and the gradual reintegration through the restoration of economic and traffic links.

After it became obvious that Serb rebels were not accepting the peaceful reintegration, I passed the decision on a military and police operation to thwart terrorists' attempts to disrupt the traffic and to establish the rule of law in the occupied area of western Slavonia.

The Croatian Army's major victories changed the strategic balance and made possible the peace initiative by the states of the so-called contact group under the leadership of the United States. The Croatian victories finally destroyed the myth of Serb military power and supremacy, the myth which was believed by not just the Serbs, but also by a large section of Western military experts and politicians. Our victories secured our strategic interests and even stable future for the independent and sovereign Croatian state which can no longer be threatened from its very core. We have consolidated Croatia's international position by ensuring that it becomes, as the main regional power, the strategic partner of the United States in the region and an indispensable factor in the creation of the new world order in this part of Europe.

From the beginning of the aggression against Croatia and Bosnia- Herzegovina, it was obvious that the crisis in Bosnia-Herzegovina was one of the most complex in the world today due to profound civilizational, religious, cultural, national, and political differences resulting not just from the legacies of history. In view of these observations, at the beginning of 1993 I personally suggested that the United States become involved more resolutely in the efforts to resolve the crisis in Bosnia-Herzegovina and that only NATO, as a credible military force, could secure peace which should be imposed on those who refused to accept a political solution.

However, only once the strategic balance had changed following Croatia's military successes, were the preconditions created for the contact group states—the United States, Germany, France, Great Britain, and Russia, under U.S. leadership—to launch their peace initiative. These were at the same time preconditions for the Dayton agreements and their verification in Paris.

After operation Storm, Croatia was in a military position to push on and liberate Banja Luka and Croatian Podunavlje [the river Danube basin]. The international players found this unacceptable because of predictions that a new wave of 300,000 to 500,000 refugees from these areas would unavoidably lead to Yugoslavia's direct intervention resulting in an escalation of the war that would ruin initiated peace efforts.

We received firm guarantees regarding the peaceful return of the occupied areas and at the Dayton conference Croatia was the most influential and constructive factor. The successful conclusion of the conference marked the end of the war, the arrival of peace, and the beginning of a new international order in the region.

Bosnia-Herzegovina's constitutional setup was agreed in Dayton and under the agreement it remained or became a composite state composed of two equal entities, the [Muslim-Croat] Federation of Bosnia-Herzegovina and the Serb Republic. The equality of the Croat people as a constituent nation in Bosnia-Herzegovina was guaranteed in the Bosniak-Croat federation.

In their plans for peace and a new order in the region, international players attach particular importance to the federation and this is illustrated by the fact that the agreement on the implementation of the Federation of Bosnia-Herzegovina was signed by representatives of the Croat and Bosniak-Muslim peoples and verified by the signatures of United States, EU and German representatives. The agreement was signed by the Alija

Izetbegovic, the president of the presidency of Bosnia-Herzegovina; Kresimir Zubak, the president of the Federation of Bosnia-Herzegovina; Haris Silajdzic, the prime minister of Bosnia-Herzegovina; Jadranko Prlic, the deputy prime minister of Bosnia-Herzegovina, and the president of the Republic of Croatia. The text of that part of the agreement says that the president of the Republic of Croatia supports the provisions of the agreement and will help in its full implementation.

When we point out this fact we must not forget that there are clearly different ideas about the future of Bosnia-Herzegovina and the territory of former Yugoslavia. This is illustrated by a document which was supposed to be signed by Milosevic and Izetbegovic on the margins of the Dayton agreement. The document contains a proposal for discussions on a customs union between Bosnia-Herzegovina and the current Yugoslavia.

As an addendum to the agreement on the federation an agreement on the transitional status of Mostar was signed. According to it, Mostar will be a unified city with several municipalities. Agreements on the return of Croat and Bosniak-Muslim refugees to some towns in the Federation of Bosnia-Herzegovina, and Muslim refugees from the area of Velika Kladusa and Cazin—some 30,000 of them, who fled to Croatia before the Muslim authorities following the crushing of the Serb siege of Bihac—were also signed. In connection with this agreement it should be noted that the refugees partially agreed to return, only after it had been agreed with President Izetbegovic's government that their safety would be guaranteed by the deployment of a special Turkish-Croatian-Sarajevo police force.

The survival and equality of the Croat nation in the Federation of Bosnia-Herzegovina on the basis of its permanent links with Croatia was secured by the agreement on the establishment of a joint council for cooperation of the Republic of Croatia with Bosnia-Herzegovina and the Bosniak-Croat federation. This agreement was prepared in Dayton and signed in Paris by the Alija Izetbegovic, the Croatian president; Kresimir Zubak, President of the Bosnia- Herzegovina Presidency and President of the Federation of Bosnia-Herzegovina. The joint council will work on encouraging, strategic planning and coordinating of cooperation in all areas of economic, cultural and scientific life, coordinating of external and defense policy and all other issues of mutual interest. The joint council has 14 members, the Croatian president being the chairman of the council, the president of the Bosnia-Herzegovina Presidency being the deputy chairman.

The agreement on the resolution of the crisis in Bosnia-Herzegovina was reached under the United States leadership with the participation of other states of the so-called contact group, Germany, France, Great Britain and Russia. These main international players cared most for reaching a peaceful resolution of the crisis; the continuation of which may have led not only to even worse horrors of war but also to the escalation of the conflict which may have produced global consequences.

In the resolution of the Bosnia-Herzegovina crisis the main international players proceeded from the situation created by four years of war; with the solution on the separation of the Federation of Bosnia-Herzegovina and the Serb Republic being shaped according to the previously drawn up basis of 51-49, irrespective of the fact that the situation in the field in the wake of our successes was 54 or even 55 to the benefit of the Federation, as I mentioned earlier.

In order to achieve this, the Croatian delegation had to give up the Mrkonjic Grad-Sipovo area, but in return, and at our insistence, the Serb side had to let us have the area of Odzak in Bosnian Posavina. In other words, Croatia did not lose Bosnian Posavina in Dayton; on the contrary, it partially regained it on the basis of its victories and its policies. Bosnian Posavina was lost by the Republic of Bosnia-Herzegovina in the war despite the fact that, to defend it, we had to send in the Croatian Army troops. For this we were denounced as an aggressor by the world. Only the region of Orasje was defended with direct assistance from the Croatian Army, but the town of Bosanski Brod fell despite the Croatian Army's direct involvement and instructions to defend it. In the aftermath, I appointed two commissions in October 1992. The causes of the fall were to be found in the imbalance of forces, in the fact that the Bosnian population fled to Slavonia, and in the large-scale destruction of Slavonian towns and a large number of casualties we sustained as a result of the war in Posavina. The hospital in Slavonski Brod alone treated over 7,000 wounded in Bosnian Posavina.

By its contribution to the war in Bosnia-Herzegovina, Croatia succeeded in giving the best possible protection to the Croatian people there, and gave assistance to the Muslims; and by its military victories in western Bosnia and the agreement on the federation, we secured the Croatian state's strategic interests.

The role of Croatia in the peace process was assessed positively by the world opinion. At the same time, the majority of politicians and serious world commentators agree that only Croatia has emerged from the war and peace negotiations as real, genuine victor.

Despite all this, the outcome [of Dayton] for Bosnian Posavina, for the Croatian people and, especially, for the Croats of the area is a painful one. And although we must sympathize with them, at the same time we must bear in mind the pressing need to accept the Dayton agreement since it reflects the interests of the Croatian people as a whole. The loss of the area lost in the war will be compensated by the area given to the Croatian people in western Bosnia where, as in western and eastern Slavonia, Croats from Posavina will be able to set up a new and safe home if they are not given a chance to return.

One of the most important results of the Dayton peace conference of far-reaching importance is the agreement reached by Croatian and Serbian delegations on the peaceful reintegration of the currently occupied areas of Croatian Podunavlje in the constitutional and legal order of the Republic of Croatia. At the very start of the crisis, the Croatian state policy voiced its support for the normalization of Croatian-Serbian relations on the basis of mutual recognition, i.e. once Serbia has given up its occupation of Croatian areas and recognized the territorial integrity of the Croatian state. We considered the normalization of Croatian-Serbian relations as being the necessary condition for the resolution of the Serb rebellion in Croatia, the restoration of peace, and the creation of a new international order on the territory of former Yugoslavia, and in the whole of the Balkans and southeast Europe.

I personally wrote some 20 years ago about the need for the Scandinavization of this area on the basis of mutual recognition between independent states. The agreement on the peaceful reintegration of areas still under occupation means that this goal which is currently most important for Croatia will be realized without fresh casualties and material destruction. Under the supervision of a temporary administration, which will be made up of a U.S. representative, General Jacques Klein, a Croatian government representative, Deputy Prime Minister Kostovic, and one representative each of Croatian refugees, minorities and the local Serb population, the occupied areas must be demilitarized—Serb rebel and paramilitary units have to be disarmed—within one month of the administration being established.

After that, the refugees will be able to return home, their safety will be guaranteed by a police force which will be set up by the interim administration; the overall legal and economic system of the Croatian state should be established during the interim period of one year, within which elections should be held for the bodies of local self-administration. Even though the possibility of extending the interim period by one year exists, it is realistic to expect that we will not allow any reasons to be created for this to happen.

The implementation of the basic agreement at the same time facilitates the deployment of Croatian border police and customs along the Croatia-Yugoslavia border. The introduction of the Croatian authorities and the return of refugees will most certainly trigger off the problem of the Serb population leaving the area. We are in agreement that all the indigenous population may stay there, provided that they have not committed any war crimes. The problem of the newly-arrived population should be resolved in a normal and humane way, giving them the possibility to make their own choice.

We have also reached an agreement with the Serbian and Montenegrin delegation on the inevitable resolution of the problem of missing and imprisoned persons.

An agreement in principle has been reached on the normalization of relations between Croatia and Serbia, i.e. Yugoslavia, in all areas, primarily through the establishment of transport and economic links and normal diplomatic relations. Normalization of overall relations would guarantee peaceful reintegration of occupied areas and would be of great economic importance and use not only for Croatia and Serbia, but also for other states, primarily because of transport links between southeast and central Europe.

As I have already said, one of our foreign policy tasks is to join the central European cultural and economic area. Although we have made considerable progress in bilateral relations with the most important European countries, we cannot be pleased with the pace of progress in our efforts to join the European integrational process.

Despite the fact that we have fulfilled all the main conditions required for the membership of the Council of Europe and for a cooperation agreement with the EU, and that an agreement has been reached in principle on our joining the PHARE [Poland-Hungary—Actions for Economic Reconversion] program, the final decision on this is nevertheless still being postponed. There is a great deal of evidence to suppose that the decision is being delayed in order to maintain the possibility of exerting further pressure on Croatia which, due to its position and influence in this part of Europe, is not to the liking of some European players as an obstacle to their political goals—which I have already mentioned—which imply taking Croatia back to the old and even wider Balkan framework.

It is no coincidence that recently some circles have been putting forward ideas about the need for a new Yugoslav, Balkan, or Adriatic-Black Sea community of states, of a Euroslavia or a union of southeast Europe. All this is because of an alleged need for better economic, customs, and transport links between this area and the EU. These ideas stem from the belief that the disintegration of former Yugoslavia was unnecessary and that the region could have been maintained by encouraging democracy and market economy.

These ideas are wrong not just because of the ignorance of historical circumstances and the experiences of people different in their cultural development but because they do not correspond to reality and because they are totally unacceptable to Croatia.

Croatia is ready to maintain normal and equal relations and wide-ranging cooperation with all neighboring countries and all European and European Union states, but it will not give up its sovereignty and independence. In the light of its historical experience, Croatia, which is the constituent part of central European civilization—be it to somebody's liking or not—can only enter those processes of integration that guarantee its belonging to that civilization and, more than anything, its independence as a state.

With regard to European processes of integration, we can stress that our cooperation with EU and NATO countries is successful even without Croatia being officially linked to those two unions. The main directions of Croatian foreign policy in the previous period were aimed at promoting Croatian interests with the most important international players, the UN Security Council, the Unoted States, other powers from the Contact Group, and the EU.

We can say with satisfaction that these efforts have yielded fitting results. As a result of its principled policy and the proven strength of the state, Croatia has become a support and partner for the United States and the Western world in their efforts to achieve lasting stability in this region.

My repeated meetings with President Clinton illustrate the development of all-round good relations with the United States, as do the numerous meetings of ministers Granic and Susak and other Croatian civilian and military officials, and in particular the visit of President Clinton to Zagreb two days ago. Through these activities and cooperation with the United States and, among European countries, with Germany in particular, Croatia is achieving the conditions for joining the Partnership for Peace program and the entire Western integration and security system.

Last year there was also a significant improvement in reciprocal relations with France, which was particularly clear on the occasion of my visit to President Chirac, when agreement was reached on further advances in the sphere of political and economic cooperation between Croatia and France.

Participation in all important international meetings has been particularly important for Croatia's international affirmation—the summit meeting on the occasion of the 50th anniversary of the United Nations, the Copenhagen meeting on social development, the celebrations to mark the 50th anniversary of the victory over fascism in Paris, London, and Moscow, the nonaligned summit, and so on. All these numerous gatherings and meetings with many world statesmen provided good opportunities for affirming Croatia as a central European, Mediterranean, and Danube basin country by explaining and promoting the basic directions of Croatian foreign policy.

The state visits to Australia and New Zealand in June last year were very important for the development and expansion of relations with those countries and, in particular, for strengthening ties with emigre Croats. I am particularly pleased to stress that on that occasion I opened in Canberra a new, very beautiful Croatian Embassy building, which was built by Croatian people in Australia with their own resources.

During the last war, the development of good relations continued with many Asian countries. In addition to good relations with the People's Republic of China, there was also progress in relations with other Asian countries, for example, Indonesia, Malaysia, and Korea. Relations are developing very well, particularly since the role Croatia played in resolving the crisis in Bosnia-Herzegovina, with member states of the Organization of Islamic Conference. In the light of the great opportunities for economic cooperation with these countries, it will be expedient to promote good reciprocal relations with them within the framework of the Joint Council of Bosnia-Herzegovina as well.

It should be mentioned that the friendly relations established with Argentina and Chile, which I visited last year, are still developing well; more attention should be paid to further improvement of relations with other states in Latin America. I have 12 invitations to pay official visits in 1996, we have to send invitations to 14 heads of state and prime ministers to visit Croatia, which understandably will not be possible to achieve for financial reasons and time constraints.

In conclusion, it should be stressed that Croatia has good relations with almost all UN members, which is best illustrated by the conclusion of more than 50 international treaties establishing international relations in all areas from economic to scientific and cultural cooperation, the abolition of visas, and so on.

Esteemed deputies to the Croatian State Assembly, I am now turning to the chapter on state administration and democratic order.

Last year, as in every year since the establishment of the sovereign and democratic state of Croatia, top bodies of Croatian authorities operated in accordance with their constitutional and legal power. With the full observance of the principle of the division of power, we have made efforts to coordinate activities of state administration bodies in accordance with the constitutional principle of inalienability, indivisibility, and non-transfer of state sovereignty, in order to ensure implementation of the central state policy at all levels.

In my opinion, this was one of the important factors for the increasing effectiveness of the Croatian state and political system, with the simultaneous development and further strengthening of its democratic nature. This fundamental characteristic of the organization and operation of Croatian state authorities was reinforced in real terms and legally and politically confirmed in the October elections for the Chamber of Deputies of the Croatian Assembly. The strong working majority again won in the elections by the majority party facilitates the continuation of fully coordinated and effective operation of the legislative and executive authorities.

As head of state, in accordance with the constitution and the election results, I appointed the new Croatian government which will implement the Croatian state policy in changed circumstances. This is to say that the government—in line with the will of the huge majority of the electorate—is making every effort to implement the electoral program of the Croatian Democratic Union. It has to implement the policy of general Croatian interests, being responsible for it before the president of the republic and the Chamber of Deputies of the Croatian Assembly.

In this connection, one ought to dwell on some wrong concepts which have been expressed in the unfounded criticism of the powers of the president of the republic and the undoubted fact that Croatia is a state of parliamentary democracy in the full sense of the word.

At the same time, the fact is being forgotten that the president of the republic in his capacity of head of state is not just the head of the formal executive power, but on the basis of direct elections he is also a representative of the national sovereignty, who, just like the French president, has—on the basis of the Article 94 Paragraph Two of the constitution—the duty to see that the constitutional system is being respected, to safeguard the existence and unity of the Croatian state, and to ensure the regular activity of the state administration, which consists of the legislative, executive, and legal bodies of power.

This fundamental feature of the constitutional definition of the duties of the president of the republic in all states where he is elected through direct elections and where he is not just the head of state with representative functions, was best defined by de Gaulle thus: A directly elected head of state must have all powers which enable him to be a national arbiter; he must ensure that all state powers are carried out outside and above political parties, and he must also safeguard fundamental and eternal state interests in the face of all political differences and conflicts.

Last year the Croatian assembly fully carried out ts constitutional duties related to being the bearer of legislative power and the citizens' representative body. The assembly acted as a modern, democratic, multiparty two-chamber parliament with all legal and real characteristics of parliaments in developed democracies, where, as in Great Britain, one party has a firm, working majority. Last year new standing orders of the House of Counties and the House of Representatives were adopted, so that the work of the houses, with a view to their legislative and political-representative tasks, will be better harmonized and more effective.

I would like to underline that the new standing orders of the House of Counties, the need for which I noted in the last year's report, spells out the original constitutional idea of this house. The House of Counties is the second chamber. It harmonizes the interests of counties and discusses other local interests so that the single Croatian state interest is secured.

Thus, empty talk on effectiveness of parliamentary chambers should be avoided in the future. The House of Counties should deal with its original competencies and should not act as some general chamber of the House of Representatives, a general committee of the House of Representatives.

On the basis of the mentioned constitutional regulations, I have set up a presidential council as an advisory body to the president of the republic. This council consists of officials in the highest bodies of state power—legislative, executive, and legal—and representatives of all Croatian classes and professions and their associations, and prominent scientists and other experts from all areas of the Croatian state administration and its economic and social life.

Such a presidential council is tasked with examining issues from within the president's constitutional jurisdiction at its sessions, with a view to coordinating activities and decisions of top state bodies regarding current and long-term issues of state policy, to ensure observance of the constitution, preservation of the democratic order, strengthening of the international position, and the economic, cultural, and social development of the Republic of Croatia.

The context of the discussion and the stands assumed by the council at its first session on 22 December, when the topic—the functioning of the law-governed state in combatting all forms of crime with a special review of the situation in our judiciary—was examined, and the reactions among the Croatian people in particular have shown both the justifiability and need for such a presidential advisory body, which is tasked with coordinating actions of top state bodies.

In my report last year, I stressed that by adopting the law on courts and the law on the State Judicial Council, and by the election of members to the State Judicial Council and the commencement of its work, basic conditions and normal circumstances were created for the judicial authorities to operate in accordance with the constitution as independent parts of the state. Abiding by such an assessment, I would like to say that despite the legally and theoretically almost ideally established judicial authorities, the top bodies of these authorities have not yet managed to breathe life into the constitutionally and legally worked out legal system, nor have all sections of judicial authorities achieved a sufficient level of effectiveness.

In addition to objective reasons, the causes for this lie partly in different approaches to the interpretation and application of legal solutions, partly in personal differences, and even in resistance to understanding the need for coordinated actions for achieving unity of state authorities. One of the main reasons for the weakness of the judicial authorities is that our courts are inadequately staffed: Of 1,497 posts of judges, only 928 have been filled, which represents only 62 percent. The lack of judges and administrative staff is the main reason for the immense backlog in the work of our courts—more than 1 million files within the jurisdiction of municipal courts are still awaiting settlement.

This has a particularly negative effect on the non-settlement or a huge delay in processing criminal files, particularly those in the field of industrial crime.

For example, from the beginning of 1993 to mid-1995, 6,272 charges were brought against perpetrators of industrial crime, while the courts in the same period passed only 2,089 verdicts, only one-third. The state prosecutor's office has so far brought 123 charges for the annulment of illegal manager's credits, while the courts have passed only 51 verdicts by which manager's credits were cancelled in 47 cases.

In view of such a situation, the process of appointing presidents and members of courts and state prosecutors ought to be speeded up; in this process it is important to ensure more efficient cooperation of the Ministry of Justice, the State Judicial Council, the Supreme Court, and the State Attorney's Office. It is necessary to speed up the process of establishing the remaining six new county courts and state attorney offices and relevant municipal courts, whereby county, municipal, and town leaderships are dutybound to offer adequate help to ensure their work conditions.

As one of the primary tasks, I see measures which should be taken to enable judicial authorities at all levels to perform their tasks effectively in accordance with the constitution and the law in order to ensure the rule of law, the protection of freedom and rights of Croatian citizens, and the protection of interests of the Croatian state, its legal order, and its constitutional democratic values.

With a view to conducting a systematic and effective struggle against all forms of crime, it is necessary to pass a new penal code and other laws of importance for the full reform of the criminal law. Changes and amendments ought to be made to all regulations which are an obstacle to the effective work of state bodies whose duty is to report and uncover criminal acts.

In my report last year, I particularly spoke about the need for the higher level of efficiency of state administration through the strengthening of responsibility of both ministries and state administration organizations, and also of county prefects and the mayor of the city of Zagreb for discharging tasks of state administration in county and town offices. Certain progress has been achieved in the systematic supervision and ensuring the public nature of work of state administration, but there are still numerous examples of willfulness, bureaucracy, corruption, and other forms of abuse found in the work of state officials, particularly toward citizens.

The whole state system, and thence the state administration, were founded on the basis of all-Croatian reconciliation to which any form of revanchism is alien. The great majority of Croatian people have sincerely involved themselves in building their state on the basis of these principles. The Croatian democratic government has never named or called to account anyone for participation in the anti-people communist regime. Today, however, after the definite victory and organization of the Croatian state, we cannot tolerate instances of the remnants of the old Yugo-communist bureaucratic system or individuals abusing democracy and becoming a hindrance and cause of obstruction in certain areas of implementating state policy, or—what is more open—advocates of compromise and destabilization, and even of the overthrow of the democratically elected government.

The Croatian people, who have shown their readiness to make many sacrifices in order to have their own Croatian government, rightly express their dissatisfaction over any inhumane and bureaucratic act. They are indignant at any unreasonable or ineffective action on the part of their government, which must in every respect differ from the previous bureaucratic, corrupt, anti-people, alien government. Croatian people expect their democratic government to be civilized, effective, and incorruptible in the protection of state interests and in the service of citizens as individuals.

It was precisely for these reasons that I initiated the debate at the first session of the Presidential Council on the situation in state administration, in order to establish, as part of the various different debates on the operation of the law-governed state, the actual situation and now, in peaceful circumstances, to resolutely and systematically tackle all instances of crime and abuse of power. In this connection it is worth recalling the proposal of the Presidential Council that as one of the foremost tasks it is necessary to complete the organization of the state administration with the aim of streamlining it, stripping it of bureaucracy, and introducing new technology and professionalism while at the same time ensuring better conditions of work and pay. At the same time we must resolutely uncover and eradicate all forms of corruption.

In keeping with the experiences of states with developed democratic systems, it is necessary to legally regulate areas of conflict between public and private interests at the time of and upon cessation of discharging state duties. At the same time, within the state administration, particular attention should be devoted to improving the work and cooperation between all supervisory services of the state responsible for the detection and conviction of perpetrators of punishable acts—the Ministry of Internal Affairs, state auditors, customs, financial police, and other inspection services.

The Croatian system of local self-government and government fully proved itself even under the circumstances of war last year. Small municipalities, which together with cities make up the entire democratic system of self-governing decentralization, proved themselves capable of meeting the needs of their citizens and communities, as well as the needs of the state administration, including the military one.

Regarding Zagreb city and Zagreb county, it should be said that their assemblies and leaderships are not primarily bodies charged with local self-government, but these bodies must primarily carry out administrative tasks. So, the Zagreb prefect and mayor are first of all representatives of the central state administration at the local level responsible for constitutional and legal work of all county bodies and leaderships, as well as for legal and purposeful implementation of state administration tasks in their area.

Hence, in accordance with the constitution, the law on self-government and the law on the city of Zagreb, it is prescribed that the election of the Zagreb prefect and mayor must be confirmed by the president of the republic, as well as that the government has the right and duty to supervise their city, to give them strict orders and instructions, and to replace them if they are not protecting state interests, constitutionality, and legality.

It should be also borne in mind that the Croatian constitution and the entire system of local self-government from municipality and city to county—in its conception and according to all constitutional and legal solutions, and especially because of the fact of the creation of an independent Croatia—does not allow for excessive autonomy or for either open or concealed attempts of federal regionalism and even secessionism under the guise of trans- regionalism.

According to Article One of the constitution, the state of Croatia is a single, indivisible state unit with sovereignty which, according to Article Two, is inalienable, indivisible, and non-transferable. So, any attempts by anyone to establish so-called cross-border regions are unconstitutional regardless of what European slant is put on them.

With a view to changes in transport, economic and democratic sense [as heard], especially with the liberation of the occupied Croatian territories, it is necessary to consider and partly redraw county borders as soon as possible and at the latest by June. Likewise, bearing in mind the citizens' expressed wishes, it is necessary to reconsider the system of power in cities and municipalities wherever this is dictated by logic and the needs of everyday life.

Last year we achieved significant results in developing society democratically and in observing human rights despite the heavy burden of communist heritage and the very unfavorable and even wartime circumstances under which an independent Croatian state was being created.

At the legal and constitutional level, the Croatian democracy with its system of human rights safeguards and protections can be compared, without any exaggeration, with the most developed democratic states. But, as in all new democracies in central and east Europe, there were and are cases of misunderstanding and cases of willful illegal phenomena and even breaches of law in the area of observance of human rights. To a large extent, this is caused by the consequences of Yugo-communist and Serbian aggression, the horrors of which the Croatian people in the occupied territories were subjected to, and partly by individuals' wild, violent, and vengeful instincts. I am convinced that this will become less frequent in new, peaceful conditions; and the Croatian authorities must be more efficient in preventing such incidents.

All bodies of the Croatian state, legislative, executive, and judicial authorities are responsible within its competencies for the protection and observance of all legally guaranteed human rights. The democratic Croatian authority must secure full protection of civil and minority rights in line with the constitution and the constitutional law on human rights and national minority rights.

In order to get a better picture of the true state of affairs, on this occasion I must also draw attention to those who have over the past five years presented themselves as fighters for democracy. Even in the most difficult times for the Croatian state, they systematically criticized and questioned the fundamental orientations and values of the Croatian democratic system in some domestic and foreign media in the most ruthless manner. These activities were especially grave because intentionally or unintentionally they were assisting efforts to destabilize or topple the democratic authorities at a time when many international factors did not want an independent, self-aware, and strong Croatian state. This political game-playing with democracy against the interests of their own state was conditioned by their upbringing. It arose mostly from those circles who were important sections of even the most repressive parts of the Yugo-communist regime.

In the coming period, all bodies of the Croatian government must make greater efforts to realize as fully as possible the constitutional principles according to which Croatia is a democratic, free market and social state with social justice as one of its fundamental constitutional values. In this connection, particular attention should be paid to the social position of pensioners, invalids, refugees, and all war victims.

For the continued realization of democratic and human rights and all fundamental values of a democratic order, and also for the better life of all citizens in an integrated, sovereign, democratic Croatian state, it is necessary to complete by the end of next year the coordination of Croatian legislature and the entire legal system with the constitution. Although about 85 percent of laws have already been brought into line with the constitution, some very important and fundamental laws have still not been adopted—laws such as the law on ownership, the law on denationalization, and so on.

Also in the course of this year, we must rectify all discrepancies between individual laws so that the whole Croatian legal system is effective and efficient, and on a par with the legal systems of developed democratic states, first and foremost the countries of the European Union.

Proceeding to the general security situation and all the factors which determine the general state of security, last year a significantly better state of security was recorded compared to the previous year. The most important activities of all bodies of state government, in particular the Ministry of Internal Affairs, were directed during the year toward establishing the law-governed state and security in the newly liberated territories. Immediately after liberation, about 3,500 members of the regular police force were deployed in this area to carry out routine duties of securing public order and peace. However, despite this, immediately after the completion of the military policing operation, a number of cases of burning houses, robbery, looting, and even killings were recorded. In connection with these criminal acts the police force took systematic measures to uncover the perpetrators.

Of 26 killings, the perpetrators were found in 16 cases. Out of 1,330 criminal acts of serious theft, 961 cases have been solved and 1,514 have been handed over to the courts. Ministry of Internal Affairs officials have confirmed 2,829 cases of family homes destroyed or damaged by fire, although it has been established that 2,072 buildings were damaged as a result of war activity and 757 were destroyed or partially damaged as a result of arson.

Regarding the general state of security in the entire state, a considerable improvement both in a decrease of the overall rate of crime and in an increase in the rate of solving crime was recorded last year. When comparing the level of crime, it can be concluded that Croatia is in a better position than most European countries. Last year, 56,607 crimes were reported, which represents a 2.7 percent drop from the previous year.

This tendency was also reported in the area of other crimes, especially in crimes against property, 10 percent, and crimes against general safety of persons and property, 9 percent. The effectiveness of detecting punishable offenses has reached 72 percent, which is above the rate recorded in most European countries. The number of threats against persons and property by planting explosives and of cases of arson was reduced by 8 percent. There was a 16 percent rise in the number of recorded punishable offenses in the area of economic and organized crime and a 7.6 percent rise in distribution and consumption of drugs. These figures indicate that there are cases of various abuses of the economy and that international crime, including drugs and arms smuggling, is coming to our country for many reasons. They also speak of greater efficiency of all security forces in preventing these crimes.

Last year, an insignificant decrease in the number of road accidents was recorded. They declined from 56,309 accidents in 1994 to 55,793 in 1995, or a drop of 0.9 percent. Unfortunately, the number of those killed in road accidents, 750, stayed at roughly the same level. Ladies and gentlemen, more people died on roads than in recent war operations. In order to improve, that is, to reduce the number of casualties in road accidents, apart from stricter punishments for traffic offenses, it is necessary to develop a national road safety program.

Ladies and gentlemen, deputies, I will now speak about the economy. Our currency has been stable since the end of 1993 and last year this helped the policy of economic revival to reaffirm itself. Last year, our inflation rate was only 3.7 percent, and that is the lowest rate of inflation compared with other countries in transition.

Of course, stability is not and cannot be the solution for all our problems but it is a necessary precondition for comprehensive, successful, and, above, all speedy economic reforms. It is a precondition for improving the country's international credibility and overall economic development.

It should be pointed out that top international experts have expressed their interest in and paid tribute to the successful implementation of the Croatian stabilization program. The reform implementation process was somewhat slower than planned last year. The main reason for this was the fact that Croatia focused all its activities on the tasks of liberating the remaining occupied areas, i.e., the war effort.

The most important short-term economic effects of the state of war were the poor results in production—because of the total cost of the mobilization and war—and the fact that tourism fell short of expectations.

However, by liberating its occupied areas Croatia laid firm foundations for quicker development in the future. It also essentially strengthened its international position and security in the economic field. It enabled the normalization of traffic and infrastructural links in the country. General conditions for full economic development were put in place. That is why we can expect a major increase in direct, private, and foreign investment.

By demobilizing a considerable number of soldiers we are providing the human potential necessary for economic development. The return of the refugees means that we have to spend less on taking care of them. Former occupied areas are being reincorporated into the economic system. The higher level of security will enable us to plan our budget in a different way—more state investment in reconstruction and economic development.

All in all, the liberation of the occupied areas means that the country has secured all preconditions for a strong impetus to economic development. Per capita gross national product [GNP] reached at least $7,000 when measured according to international spending capacity, which means that Croatia is now in the top group of countries in transition, i.e., the former socialist countries.

The structure of the gross domestic product—in which industry and mining amount to 30 percent, agriculture and fishing industry to 12 percent, and the service sector to over 50 percent—is in line with developed countries.

Croatia tops the list of countries in transition when it comes to the level of development of its telecommunication system. With 30 telephone lines per 100 inhabitants Croatia has overtaken Slovenia, the Czech Republic, and Hungary, and is at the level of Portugal. About 350 million kunas has been invested in restoring and developing the telecommunication system in the newly liberated areas.

The Flash and Storm combat operations resulted in the liberation of A total of 4,859 kilometers of roads or almost 20 percent of the entire road network. The sum of 27 million kunas has been invested in repairing roads and bridges in these areas. When it comes to the density of the road network and its quality, we lag behind the developed countries, for instance Austria and the Netherlands, but also behind some countries in transition.

Last year we invested considerable amounts of money in enhancing the security of air and maritime traffic. Following operation Storm, we were finally in a position to carry out the plan to repair and connect the 400kW long-distance (Meljin)-Obrovac-Konjsko power line, which meant that for the first time in the history of Croatia the south and the north of the homeland were connected to the same electricity grid.

Following the defeat of the Knin rebels, Croatia regained a number of very important hydroelectric power plants: Peruca, Obrovac, (Miljanska), Golubic, and Krcic with a total generating power equal to the largest energy-generating facilities at our disposal. It should also be noted that after the liberation of the occupied areas, 351 towns and villages and 20,000 households were reconnected to the electricity grid.

When speaking about the overall economic situation in 1995, it is worth noting that the most important achievement was the fact that we succeeded in maintaining the stability of the kuna and the efficiency of the financial system in general. During 1995 the National Bank of Croatia increased its foreign currency reserves by an additional $500 million to stand at about $2 billion—or more precisely, $1.9 billion at the end of the year. In addition, the foreign currency held and kept in circulation by commercial banks exceeded $1.2 billion.

The kuna, and especially foreign currency savings held by private savers, rose considerably. Last year, fresh foreign currency savings rose by as much as 54 percent to amount to $1.7 billion.

In comparison with the end of 1993, fresh foreign currency savings trebled. These figures are the best indication of the growing confidence among our citizens in the country's financial system.

Let us recall that as a result of the disintegration of the old Yugoslav state, about $3 billion of old personal savings had to be transformed into public debt. So far, the amount of related debt owed by the Croatian state and commercial banks to citizens has been reduced by over a third.

Last year we embarked on the pressing and long-awaited recovery of the banking system. Toward the end of the year we started the process of transformation and recovery of big loss-making firms. These are hard but necessary steps toward creating conditions for introducing a market economy. Only in this way—and providing there is long-term stability and an appropriate system of credit guarantees—will we be able to make considerable interest rate cuts. These are very high currently and as such are an obstacle in our efforts to increase investment, to create new jobs, in brief, to speed up development.

The number of unemployed did not rise despite the transitional period and we also succeeded in avoiding social unrest. Economic progress is impossible without social stability and confidence. However, there is no doubt that we need to speed up efforts to regenerate our banks and those firms unsuitable for a free market economy.

Last year, average pensions and wages increased considerably but they are still far from being satisfactory. The main reasons for the unfavorable social position of pensioners can be found primarily in the high defense expenditure, the high cost of war veterans care, and in the imbalance in the number of active insurance contributors, on the one hand, and pensioners and other beneficiaries, on the other. Over the past 10 years that ratio fell from three to one to 1.5 to one and in falling production caused by both the aggression and the legacies of a long-term crisis situation. The causes also lie in the average age of the population, financial indiscipline, and the legacies of the past pension system, which is inappropriate for present-day conditions. In addition to the rise in average pensions, by 44 percent over the last two years, and over the last year by 24 percent, pensioners were also given some other concessions, for instance in urban and railway transport. Any considerable improvement in their position will be possible only if we secure long-term economic growth but we must also, as soon as possible, complete the ongoing reforms in the pension system as a whole.

Salaries have also risen considerably. In October last year, average net salaries were 13 percent higher and in comparison with October 1993 they rose by as much as 66 percent.

It should be pointed out that, despite all the hardships caused by the war, the average monthly net income in Croatia is among the highest in all the countries in transition, even though international [as heard] conditions in those countries are considerably more favorable.

At the end of last year, the average monthly income was 1,850 Kunas, admittedly somewhat lower than in neighboring Slovenia but higher than in the often praised Czech Republic and Hungary. It is three times higher than in Romania and we do not even have to mention Serbia or Yugoslavia.

Despite this, the general level of incomes and pensions is still very low and, for many, insufficient for a proper life. We have tried to help socially deprived people as much as we can. Last year, social security expenditure financed from the state budget was increased to 811 million Kunas, amounting to 0.9 percent of GDP. This figure does not include additional expenditure on education and health and in this area we have reached the level of the economically developed and socially aware France.

However, we can also substantially improve the position of the socially most deprived people by rationalizing expenditure in that area, meaning that only those genuinely deprived should be helped, and by speedy and lasting economic progress.

Financial contracts must be respected if we want to achieve economic progress. This must become the basic code of conduct of all economic players both in the central government and in county, town, and municipal administrations, and even in every household.

Investment guarantees must be legally defined in an even more precise way and applied in a consistent and efficient manner. This is the only way to create a solid basis for a developed, democratic, market economy.

The draft proposal for this year's budget, submitted by the government to the parliament, contains important development guidelines. The proposal envisages major changes in the structure of the government expenditure. Government expenditure will be 64 percent higher than last year. The end of the state of war is reflected in the fact that overall military expenditures is 15 percent lower. The reconstruction program will get 162 percent more funds than last year. This means that expenditure in this area will grow to 4.5 percent of the total budget [word indistinct].

The funds of the Croatian guarantee agency are seven times higher now. Its main task is to offer support to small- and medium-sized businesses.

Apart from that, funds for the rehabilitation of banks have considerably been increased. Budgetary funds for investment in road infrastructure have been doubled to the amount of 1.3 billion kunas. Our draft budget was drawn up proceeding from the need to ensure savings in all areas. The state budget should be used only for financing the most urgent needs, and there is a severe need for maximum rationalization at all levels of state administration.

In order to improve production and employment prospects it is necessary to reduce the tax burden. Despite an objectively huge demand for budgetary funds decisions have already been passed on the reduction of some expenditures: Turnover tax has been reduced from 20 to 15 percent. Further unburdening of the economy is being considered because the current share of public spending in the gross domestic product, which currently stands at over 50 percent, is contrary to the necessity to raise domestic savings and investments with the view to the restructuring and technical modernization of the economy.

All these measures should contribute to the reduction in the share of gray economy, which has taken on huge proportions. According to some estimates, 17 to 27 percent of the overall population is involved in the gray economy in which an additional 16 to 21 percent of the recorded gross domestic product is earned. Because of the failure to regulate such economic activities, our state revenue is reduced by at least one fifth, which means that the tax burden of law-abiding citizens could be reduced by that much.

The role of the state in economic development cannot be dispensed with but must be carefully-balanced. Its main task must be decision-making on strategic economic issues such as investment in infrastructure, education, retraining of the unemployed, the creation of research institutions, and so on.

The Croatian tax system has almost completely been reformed in accordance with modern principles; most necessary reforms will be completed soon by the introduction of a value added tax and the single state account. Important steps in conducting a modern monetary policy and supervising financial institutions have been made. At the end of last year, the legal framework was completed for developing modern financial markets and protecting market competition.

The encouragement of speedy privatization and the creation of clear ownership relations are of particular importance.

Despite adverse circumstances, major results have been achieved in the privatization process. By the end of last year the process of ownership transformation was completed in 2,560 firms. Forty-six percent of tehse were completely privatized, 44 percent have majority shareholding, and the Croatian Privatization Fund has overall control in only 10 percent. In the process of transformation shares worth 38 billion kunas were sold and the overall number of share holders rose to 6,000. Last year dividends paid into the Croatian Privatization Fund amounted to 127 million kunas. The private sector has become the mainstay of the Croatian economy. Today it employs over 50 percent of the work force with salaries on average 30 to 40 percent higher than in the state sector. To continue with privatization we must break bureaucratic resistance to faster progress in this process. We must prevent and punish illegal transformation deals and carry out denationalization in an appropriate way. Further, we must draw up clear rules of relationship between the state and private property especially in the case of large public and state-owned enterprises. Shortcomings in the ownership system made unlawful activities and crimes under the guise of legality possible.

To speed up development, we need domestic and foreign savings to rise. Namely, over the last 10 years the share of domestic savings in the gross domestic product fell by over 20 percent, from 20 percent to about five percent. [sentence as heard] This is why we welcome foreign funds but we must ensure that they are invested in development projects. Of special importance is direct foreign investment that entails introduction of new technology. Our economy is an open one, Croatia has accepted full convertibility in its current accounts payments and we are considering introducing convertibility in the balance of payment capital account [kapitalni racun bilance placanja]. We must monitor contemporary trends, take note of the increasingly present reciprocity and inter-dependence in the world economy, and while striving to join as many international integrations and treaties we must nevertheless safeguard our economic and political sovereignty.

Particular emphasis must be placed on the need to join the World Trade Organization as soon as possible. Due to its overall political and economic successes, Croatia has developed exceptionally good relations with international financial institutions. Negotiations are under way with the IMF on cooperation over the next three years and our cooperation with the World Bank grouping is proceeding successfully. The EBRD has revised its policy and now grants credits for direct investments. As of late, over 60 percent of our export and import trade is with the European Union. We export 23 percent of our overall exports to Italy alone, our biggest trade partner last year. Soon the share of our [goods] exchange with the European Union could amount to four fifths of our total trade.

Europe is our natural hinterland and Croatia must continue to gravitate towards it. For Croatia links—or rather the economy's bigger involvement in reconstruction and development of the Croat-Bosniak Federation—is of the greatest strategic importance. Natural links between these two areas and the expected large investment package for reconstruction call for the comprehensive cooperation of all economic factors in the economic sphere.

To conclude this section, I wish to make a few more remarks about reconstruction and development. The reconstruction of towns and villages and of industrial and other facilities destroyed or damaged in the war was carried out last year in order to enable both the refugees and displaced people to return to their homes and to restore conditions for normal life as soon as possible. Last year we repaired—or repair work is nearing completion on—over 5,000 residential units in the liberated areas of western Slavonia. By continuing work on repairing the interiors to make them livable, conditions will be created to permit the return of about 40,000 refugees by 1 May 1996.

At the end of last year, following Operation Storm, we carried out preparations to start repair work on about 20,000 residential units in the newly-liberated areas. This will create conditions for the return of another 70,000 refugees.

The overall funds spent by the Ministry for Development and Reconstruction on reconstruction programs and related works last year amounted to 540 million kunas and for the same purpose this year's budget envisages the sum of 1.58 billion kunas or 4.5 percent of the total budgetary expenditure. An exceptionally important move in the reconstruction plan is contained in the decision that in the future the reconstruction of the entire housing stock will be financed not by credits but by grants from the budget account.

Last year, the Ministry of Development and Reconstruction completed and submitted to parliament for discussion a national population program which contains main guidelines for a whole series of activities necessary for the population renewal, which specifically implies measures to encourage the Croatian diaspora to return and to halt the departure of young, educated, and able-bodied people. In addition to the general strategy of urban and regional development, the program also outlines proposals for reviving the depopulated areas, especially the countryside, and the overall strategy and measure of stimulating the return of the displaced persons and refugees.

The national program of development of islands and the law on areas of particular interest which have also been submitted to the Assembly for discussion are closely linked to the aforementioned program. This created professional and legal conditions for making decisions and implementing a series of economic and other incentive measures for the development and overall revival of insular, border, mountainous, and other demographically-researched areas, as part of the global strategy of the demographic renewal of Croatia.

Ladies and gentlemen assembly deputies, I shall now dwell on the social sector.

Last year 867,000 pupils and teachers were involved in our educational system. The Croatian educational system is organized in accordance with the strategy of economic and social development of Croatia which was adopted by the assembly in 1991. However, the overall political and democratic reform of Croatian society requires further building of the Croatian educational system in accordance with the best Croatian and international achievements. In line with the constitution, which guarantees pluralism, in addition to state schools, there are private and religious schools. Of particular importance is the Croatian supplementary education for children of Croatian citizens and expatriates living abroad, in order to facilitate their return to Croatia.

Despite war conditions, funds for the building of 46 schools were secured last year as well as free books for 35 percent of elementary school pupils, which means that 158,000 pupils on the territory of Croatia and 48,000 pupils in the Federation of Bosnia-Herzegovina had free books. In the next school year all elementary school pupils will get their books for free. Last year the government was able to improve the unenviable position of teachers, by increasing their pay grades. In the changed circumstances of peace, conditions ought to be created for further improvement of the teachers' material position.

There is no doubt that science and higher education are of priceless importance for the long-term development of the nation. We inherited an ideologically marked system in which, to say the truth, some internationally-respected institutions and individuals of high quality developed. But it was a system lacking in a clear vision and strategy of the overall development from the standpoint of Croatia's national interests.

This led to the non-homogenous development of some parts of the system and the ineffectiveness of its overall operation. Therefore, under very difficult conditions which set other priorities, we did everything in our power to preserve existent institutions and create conditions for restructuring the entire system in line with the country's needs. For the restructuring of the system we needed legal changes. Last year the national council for science drew up the draft of the first national three-year program of scientific research and forwarded it to the assembly for discussion.

Last year, higher education and scientific activities took place in 64 higher education institutions, 25 state public institutes, 13 economic institutes, and 71 other institutions, including the Croatian Academy of Sciences and Arts, hospitals, private enterprises, and others. Over 80,000 students are enrolled at higher education institutions with approximately 5,800 teaching staff. Some 8,000 scientists, i.e. researchers, worked on projects of scientific research last year.

Last year, 20 percent more money was earmarked in the budget for science than in the previous year. This halted the negative trend and facilitated regular operation and further investment in infrastructure. Furthermore, we can be particularly pleased with the achieved level of development of the national communications infrastructure, even more so because it was realized with the funds from the state budget. The Croatian academic and research information network currently links 100 institutions with one another and with the world computer network, which means that more than 70 percent of scientists and researchers in Croatia are currently linked to the world computer network; thanks to the introduction of the most up-to-date communication technologies ours ranks among the best information networks in Europe.

The Ministry of Science and Technology has procured for the needs of informatization 1,490 state-of-the-art personal computers.

The project of building the Faculty of Sciences and Mathematics and [words indistinct] Faculty of Zagreb University is in progress. New premises have been equipped [word indistinct] in Osijek, Rijeka, new halls of residence were built in Rijeka and Zadar, the building housing the interuniversity center in Dubrovnik is being refurbished, and so on.

What should be specially mentioned is the opening of the new national and university library in Zagreb.

In the area of international, scientific, and technological cooperation and cooperation in higher education, 22 interstate treaties have been signed while 20 more are in the pipeline. More than 1,200 months of foreign scholarships were awarded last year and over 1,000 Croatian scientists took part in scientific meetings outside Croatia. More than 100 joint projects of scientific research were realized with the United States and Germany alone.

We have continued to back our young researchers strongly by way of financing some 1,000 research and scientific projects and boosting employment. We should also single out a project for constructing 40 functional houses for future university lecturers, which has been undertaken by the Osijek-Baranja, Vukovar-Srijem, and Pozega-Slavonia counties, while the Science and Technology Ministry will finance four-year post-graduate study courses for 40 students.

The national council for university education has examined or is about to examine programs in connection with 40 graduate and 21 post-graduate study courses. We should lay special emphasis on the successfully completed first year of post-graduate studies for the needs of and in cooperation with the defense ministry.

Last year, we founded the first private university in Croatia and preparations for opening several others are under way. On the basis of the above we can conclude that the development of science and university education last year was successful, despite difficult circumstances.

We have organized successful [word indistinct] and we started to reform the system, while encouraging speedier development in the fields which are important for the development of Croatia.

Despite objective difficulties last year we have demonstrated a high level of motivation and national awareness amongst Croatian academics in almost all the spheres of culture and the arts. Amongst the cultural events over the past year, apart from the opening of a new building for the national university library—which was already been mentioned—we should single out the opening of a new section of the arts and crafts museum, which bears witness to our lasting centuries-long ties with European artistic trends and achievements and the continuity of Croatian creative work. We can say with pride that this museum is a real gem and one of the most beautiful museums of this kind in the world.

Over the past year, which was filled with artistic events, we can single out numerous exhibitions. Some have been very successful abroad—Venice, Madrid, Vienna.

In the field of protection of heritage we have continued our efforts aimed at making a list of all the monuments damaged in the war and informing the world's public, especially the appropriate international institutions, for the purpose of spreading the truth and gaining moral and financial support.

Croatian publishing was very successful last year, judging by both the number of printed books and their quality and design. There are 1,400 publishing and printing companies, including some 50 major ones which publish more important books.

Last year, around 2,500 books were printed which is more than ever before. Relatively rich publishing activity also found expression in the participation of our publishers at book fairs—in Zagreb, Frankfurt and Budapest.

Theatrical production was also high quality, wide-ranging, and interesting. It is with particular care and attention that we marked the 100th anniversary of the Croatian National Theater Building in Zagreb and the 100th anniversary of Croatian composer Jakov Gotovac. Life was also breathed into our theatrical world by independent theater productions which deserve more attention and support from our society, for instance, puppet theater as an important factor of education for the youth.

It should be noted that last year the refurbishment of the Croatian National Theater in Osijek and the Drama Theater Gavela in Zagreb was completed.

In our rich musical life the most important events were: The International Music Biennial, International Conductors' Contest Lovro Matesic, and successes achieved by young Croatian musicians on the international scene. As for ballet, the international project Donau Ballet, which by the way was affected by the shelling of Zagreb, after its Zagreb premiere had outstanding success in other European cultural centers.

The holding of many festivals of all kinds in towns throughout Croatia is of importance not only for those towns but can also in a well thought out tourist campaign represent a very useful link between Croatia and the world.

Film production was revived last year: Some of the films and dramas were screened at the Pula Film Festival and documentary and short films dealing with the homeland war are of particular importance. The main problem at present is the lack of finance. In order to resolve the issue of home movies systematically, a law on film ought to be passed in order to ensure partial financing of domestic production from cinematic business.

One should bear in mind that in addition to the accomplishments of the high, i.e. professional, art of indispensable importance are different forms of amateur and cultural activities. Well thought out and led by top experts, such contacts with culture contribute to the quality of life and are particularly useful for making the best use of the free time of the young generation and their streamlining toward real values and a real sense of human life.

Of particular value are the numerous folklore festivals, of which those in Zagreb, Vinkovci, Djakovo, Slavonska Pozega are particularly prominent, and other activities of amateur cultural and arts societies.

In this connection society should pay particular attention to the renovation of cultural club premises which suffered in the homeland war because these buildings are a basic prerequisite for social and cultural life outside major towns and cultural centers.

This year we should single out the following amongst the capital and strategic priorities in the sphere of Croatian culture: It is necessary to establish a Croatian war museum—almost every independent state has its war museum but the Croatian state was not able to have one hitherto but it is now time that we did. We consider that, for the sake of history and also for current political reasons, we should transform the Jasenovac Memorial Area into a memorial to Croatian war victims. Here, in addition to the museum and monument to all victims of fascism, there should also be a monument to all victims of communism to house the remains from mass graves which have been discovered and, in particular, to all victims of the homeland war so that for every victim of the homeland war for a free Croatia a memorial stone or cross bearing a name is erected. In this way the memories of all victims will be honored and their example would serve reconciliation and the truth about all victims on the road to an independent and sovereign Croatia.

Of course, one of the greatest tasks is the reconstruction of cultural buildings and monuments destroyed or damaged in the war. However, at the same time we should not forget the initiation and building of new projects such as the monument to Croatian liberation, the museum of contemporary sacral art, that is projects for which a need has been established as a means of marking historical landmarks.

The systematic financing of culture is one of the prerequisites for its further development. It is therefore necessary to regulate by law investment to stimulate culture, among other things by means of tax incentives for donations and sponsorship by citizens or any tax-paying entities. The presidential body and state administration at all levels must recognize that culture is a reflection of the towns and counties of the Croatian state and of national identity and is an irreplaceable necessity for our citizens. We must do everything in this direction to progressively improve the material and other conditions necessary for its development.

And now a few words about sports.

Croatian sportsmen have won numerous medals and awards in 1995 at the most important world and European events. Both as individuals and as teams I have heard Croats described as excellent sportsmen on all continents and in all corners of the world. Our state has become, in a very short space of time, a factor to be reckoned with in all important world sporting events. Croats are most numerous among Europeans in U.S. professional basketball. The Croatian flag flutters on the peaks of the Himalayas. A monument to Croat Drazan Petrovic graces the Olympic park in Lausanne. Goran Ivanisevic and Iva Majoli are both equally well known throughout the world. Croatia has professional champion boxers—Zeljko Mavrovic is one of Europe's top boxers. Croatia's football team draw in the European finals ended triumphantly ahead of world runner up Italy. Our water polo players have won a place at the Olympic Games in Atlanta. Our basketball players proved once again in the difficult competitive conditions of the European championships that they belong among the best in the world. Our handball team are world runners up and our karate experts are European champions. Croatia's volleyball players have taken second place in the European championships and fourth place in the world championships. The handball players and handball team of Zagreb-Podravka are equal to the greatest champions in Europe. The Cibona [team] for example is in the European league, although it has no foreign players and relies wholly on our own talent, and is scoring notable successes. Hajduk reached the quarter finals of the European league championships. Zoran Primorac is bringing back the table tennis silver trophy from China. Tamara Boros is junior European champion. Valter Ivancic is bowling world champion while Hrvoje Stejic is the best young chess player in the world.

In total, at world competition level 36 medals have been won and 33 in European competitions. To this, of course, we should add the 38 medals won at the special Olympics for the handicapped and invalid. If we consider that our sportsmen have significantly weaker material and organizational conditions, as a result of the bad heritage of the previous system in the area of relations and structures of sports leagues, we can and should be proud of our sportsmen's successes. I believe that this year, particularly in the Olympic Games, Croatian sportsmen and women will show their worth and talents and we will again have occasion to celebrate their successes.

And now, health.

In the past year the reforms of the health system which had already begun were successfully continued. According to normal WHO criteria, we can be very satisfied with the evaluation of the state of the population's health. In spite of significantly reduced resources, about 40 percent less than in 1990, and increased costs as a result of the consequences of the Yugo-communist Serbian aggression, overall health indicators have not worsened but have remained steady and in some areas have even improved. Moreover, in many areas of medicine our experts are respected abroad and are not infrequently considered the world's best.

This has been achieved by strict control and financial discipline so that the health service is no longer operating at a loss which was a regular practice previously. Financing has been stabilized, salaries are paid regularly to all employees, and supplies of drugs, laboratory, and disposable materials are regular and without any major shortages.

Medical institutions damaged in the aggression are being rebuilt. At the present time work is in full swing at 36 building sites of hospitals, clinics, and health centers. Outdated and worn equipment is being replaced more quickly now than in the past decade.

A project of the World Bank and Croatian Institute for Health Insurance envisages state-of-the-art equipment for all county hospitals and for most health centers. In the next two years more than 80 percent of equipment will be replaced in intensive care units and 50 percent in laboratories. As a result of all this the World Bank has approved in record time and with commendations the financing of a health project for Croatia called the Croatian Model, on the basis of which the reorganization and improvement of work in the [word indistinct] service and the equipping of hospitals with the latest technology has already begun.

Modern health insurance demands considerable funds. The majority of drugs, apparatuses, and laboratory equipment have to be procured abroad at world prices. Considerable savings have been made here by introducing systems of international tendering and the selection of the most favorable bidders. It is necessary to clearly state, however, that the total funds for health expenditure range from 7.6 percent of the GDP, which is comparable with the percentages of health expenditure in the developed countries. Therefore, we in Croatia, within the scope of our possibilities, have given health protection prominence equal to that in the developed countries. Nevertheless, health spending per capita is considerably lower than in the developed countries because the GDP is considerably lower. It is not therefore possible, with the means available to us, to keep pace with all the achievements and the level of health protection in the developed countries of the world for all those insured.

The state must ensure basic health protection for all, but must also enable the transfer of personal spending to health spending by opening up additional insurance possibilities and the further encouragement of private initiatives.

We should resolutely continue the reorganization of the health service in accordance with the law already adopted. This year medical, dentistry, and pharmaceutical associations have been founded and an association for medical biochemists. A national council for health has been founded and all this will contribute to an increase in the participation of professionals in the solution of their problems.

Extensive legal possibilities for the opening of private practices have so far led to the opening of more than 1,600 private practices and several dozen private health centers. In the past year all legal requirements were created to commence the privatization of primary health care, and regulations were drawn up according to which the privatization of primary health care will start from the beginning of this year.

For all these reasons we can be satisfied with what we have achieved in the given circumstances. The health service will of course share the fate of other areas and will develop even more rapidly in step with overall economic growth and the growth of the gross domestic product and in step with the introduction of additional incentives and the tackling of quality promotion, and will become even more efficient.

The health insurance system as a whole has been hampered throughout the preceding period not only by all weaknesses inherited from the previous regime but also by the problem of caring for hundreds of thousands of displaced people and refugees and by the consequences of transforming a socialist economy into a free market system. In the past year alone Croatia has cared for more than 391,000 displaced persons and refugees and another 300,000 persons who received financial and other forms of social assistance.

One of the important achievements in the past year was certainly the adoption of the Labor Law, the key law for bringing the system into line with the constitution. In its resolution of employer-employee relations and its interpretation of the freedom of association and free collective bargaining, the Labor Law is on a par with West European democracies. Free enterprise and the market economy are upheld but with full protection for human rights, civil rights, and the principles of solidarity. It is worth mentioning that many countries, because of instability in political relations within parliament, have not succeeded in making significant advances in the area of labor and employment. The Labor Law, which was adopted with the consensus of the social partners, presented Croatia to Europe in the light of a country with a strong democratic development.

The position of pensioners is Croatia's most serious social problem today. It is therefore understandable that pernsioners' welfare must be one of the most important tasks of social policy this year and in the coming period. Compared with the total number of employed in the Republic of Croatia, which at the end of last year stood at 1,277,000, the number of pensioners amounted to 865,000 and the monthly increase in their number amounts to about 2,108.

This means that for every pensioner there are 1.5 employed people. At the same time, statistically we have a relatively high number of unemployed. From January to December last year there were, on average, 239,000 unemployed people. On the basis of the law on pensions and invalids' benefits, the top pension is 2,946 kunas and the lowest is 867 kunas. The average pension is 973 kunas. All pension fund beneficiaries have since 1 July 1995 received a supplementary pension payment of 100 kunas from the state budget. The draft budget for this year includes 1.1 billion kunas to be paid out as supplementary pension payments, which should certainly be considered an increase in pensions—this is 20 percent for the lowest pensions, even 50 percent for farmers, and 3 percent for top pensions. For the average pension this increase amounts to 12 percent.

The Croatian Government was obviously unable to do a lot more for the improvement of pensions due to war conditions. Given the fact that in this respect the pensioners were in a less satisfactory position than those employed, they nevertheless displayed a high level of national awareness of the need to make all sorts of sacrifices in order to achieve national sovereignty.

However, in the new peacetime conditions, the state has to do everything to ensure a better social standard for the employed classes of the population and particularly for pensioners. One of the most important issues of economic and social policy is the establishment of the new system of pension and welfare for invalids because the current system does not meet any needs anywhere in the world since it is not based on market economy principles.

An additional source of funds for the reforming the Croatian pension system must be the capital obtained from privatization. In addition, it is necessary to introduce strict order and supervision over huge resources used for social welfare. For [words indistinct] of all goals of social policy we need a well-founded legal basis, the adoption of new laws on employment, law on social welfare and family relations in accordance with the economic capability of the country, and a development similar to a maximum degree to developed democratic societies of European countries.

The area of public information has not yet been legally regulated in line with the democratic reality of the Croatian state and at the legal level of countries of the Western European civilization. It is the freedom of journalistic activity in particular that has not been coordinated with the need for the legal protection of citizens as individuals, legal entities, and state interests.

The sphere of media has not yet been sufficiently legally regulated to correspond to the democratic reality of the Croatian state and reach the legal level of the countries of Western Europe. In particular, the freedom of journalistic activity is not coordinated with the necessity to provide legal protection for citizens as individuals, companies, and state interests. The irresponsible abuse of democratic rights guaranteed by our political system clearly shows the need to provide legal regulations for these relations. Not only moral but also legal responsibility must be borne for abusing democratic principles and for propagating untruths and calumnies.

In the framework of still unrelenting pressure to change democratically elected Croatian authorities—exerted both by some international players and some political circles in Croatia—criticism was voiced last year against Croatia's allegedly restricted media market, the hampering of work by newspapers and journalists, and uniform and strictly controlled media.

The following facts contradict these claims. In Croatia's media market there are 528 newspapers—five dailies, 29 weeklies, 30 biweeklies, 65 monthlies, and 399 other publications, published largely by private publishing houses. According to incomplete data, there are in fact many more publications; there is talk of 702 Croatian publications and as many as 736 foreign publications from around 15 countries. Some of these publications are not in favor of Croatia's independence and indeed are close to various anti-Croatian currents, which renders the abovementioned accusations of alleged control over media pointless and reveals their true nature, which is that they are used by international circles traditionally unfavorably disposed towards us to put additional political pressure on us.

In addition to the Croatian State Radio-Television Network, 15 TV stations and 92 radio stations were active in the country last year, which is around 30 more than the year before. In electronic media, last year saw the first concessions for TV and radio stations, which were praised by international players such as the Council of Europe and UNESCO, which consistently monitor the development of media in Croatia.

Dear Speaker, ladies and gentlemen deputies, dear government members, and all representatives of the executive and judiciary—in conclusion, let me say something about our main political tasks this year.

First, our achievements and results last year marked the end of the initial and war period in establishing and developing an independent Croatian state. In 1996 we shall therefore embark on the period of peace. However, we must bear in mind that this period of peace will begin fully only when the occupied region of Podunavlje [the River Danube basin] is finally incorporated into Croatia's constitutional and legal system. Until that happens, in some areas of state administration, we must either maintain or envisage exceptional measures necessary to execute this task.

Second, at all levels Croatian state authorities must ensure conditions for implementing the agreement on peacefully restoring Croatian sovereignty over the remaining occupied territories under interim administration in the course of the current year.

While taking part in the work of the interim administration, they must immediately begin preparations for the return of refugees, for establishing traffic links and for introducing [Croatia's] legal and economic system. In addition to dealing with social welfare issues, they must offer humanitarian aid in the process of the return and resettlement of people.

Third, the basic guidelines of Croatia's foreign policy remain the same. We need to strengthen Croatia's stable and firm position on the international scene but we must also know how to take advantage of our existing reputation, of the trust we have gained, and of our friendly relations with many countries to develop versatile cooperation, first of all in the economic and cultural sphere and in sports.

We continue to attach exceptional importance to developing friendly relations with the United States as the main world power, with which last year we achieved cooperation and partnership at a strategic level. On the basis of that we will submit a request for Croatia to join the Partnership for Peace project, with the final aim of full integration in the Western security system as a member of NATO.

Aspiring to speedy and meaningful participation in European integration, Croatia must develop the best possible relations with all EU countries, primarily with Germany and France and must improve its relations with Great Britain.

Maintaining good relations with the neighboring countries is of special importance—with Hungary, Austria, Slovenia, and especially with Italy, with whom we have very developed economic ties. More attention should be paid to maintaining good relations with the PRC, with which we have signed several agreements and could expand our trade.

Speaking about Russia, we can stress with great satisfaction Russia's recognition of Croatia's territorial integrity and bilateral trade [between Croatia and Russia]. But we must express our regret over the one-sided attitude towards Croatia displayed by Russian representatives in international organizations from the UN Security Council to the Organization for Security and Cooperation in Europe.

The nurturing of good relations with the Vatican must receive our constant attention because of the Holy See's moral influence on the public and, especially, because of the understanding it has shown towards sovereign Croatia.

Croatia favours the normalization of relations with Serbia and Montenegro, or rather, their Federal Republic of Yugoslavia—not only because we are urged to do so by all international players in order to solve the reintegration of the occupied areas by peaceful means but also because normalization based on full mutual recognition is an important condition for restoring peace and creating a new international order in this part of Europe.

In addition to this, the normalization implies wide-ranging benefits not only for the two countries involved but also for all the neighboring countries and the countries in central and southeastern Europe.

The entire Croatian public, in all spheres—from the parliament and the state administration to the economic, cultural, and all other spheres—must be directed towards the creation of the most versatile relations, cooperation, and ties between Croatia and Bosnia-Herzegovina, and the Bosniak-Croat Federation. The creation of closer ties, in the spirit of the Washington and Dayton agreements, which should be facilitated by the newly created council for cooperation, is of paramount importance for the fate of the Croat presence in Bosnia-Herzegovina, and of exceptional strategic interest for the Croatian side.

Croatia has assumed the role of a guarantor to ensure the constituent equality of the Croat people in the federation on the basis of mutual relations. A successful development of the federation and closer links between Croats and Bosniaks are urged by main international players and the area of paramount importance for relations with both the main western states and numerous Islamic states.

Fifth [as heard], this year we need to improve in a more systematic way the coordinated activities of the legislative, executive, and judiciary authorities, while at the same time respecting the principle of power-sharing. This is a condition for increased efficiency of Croatia's state system as well as for the development of democracy.

We need to review and improve the system of local government and state administration. From the political and legal point of view, we should consider the fact that by allowing administrative powers to be decentralized, the current system of counties has proven to be the best obstacle to all autonomy movements and aggressive regionalization. County assemblies and authorities, especially in the city of Zagreb, do primarily administrative tasks aimed at ensuring focused work that adheres to the law by all bodies of state administration in their areas, but also at giving broad possibilities of solving special local problems through local governance. Considering the changes resulting from the outcome of the war for the homeland, we must review and as soon as possible make decisions on territorial divisions into counties and municipalities.

The new circumstances of peace and stability impose on all bodies of state authoriy the most important task of building the Croatian state on the basis of the rule of law and social justice. In this process they should pay special attention to protecting human rights and freedoms and curbing all forms of crime.

In connection with this, we must ensure that the judiciary should complete its setup as delineated in the constitution and by laws so that balance could be reached with the executive authorities and the efficiency of all elements guaranteed.

The overall state administration must be in the service of our citizens and therefore civilized and non-bureaucratic, efficient, and non-venal. All forms of corruption ought to be decisively fought and removed. In this connection the government is duty-bound to round off the purposeful organization of the state administration with a system for effectively monitoring the work of some bodies and officials. The need has arisen in particular for legal regulation of relations and conflict between public and individual interests of state officials while in office and immediately after the cessation of their term in office. All supervisory state bodies must pay most attention to uncovering and eliminating industrial crime, particularly crime directly or indirectly related to the state budget and state property.

Sixth, due to changed internal and external circumstances it is necessary to carry out changes and improvements in the defense and national security system. The system and strength of Croatian armed forces should be adjusted to new strategic requirements stemming from Croatia's current geopolitical and international standing. The Ministry of Defense must ensure that all actions of the armed forces are legally regulated and consistently implemented. Particular attention should be given to the need to change adopted regulations and decisions regarding the transition from wartime conditions—i.e. emergency situations—to a peace-time situation. Not only the budget but also the Ministry of Defense should be unburdened as soon as possible by having social welfare tasks connected with war veterans transferred to other state bodies.

The Ministry of Internal Affairs, whose tasks were also affected by the war effort, must be decisively oriented towards eradicating internal and international crime with particular attention to the problem of drugs and terrorism. In the light of cases of obvious abuse of democracy, open demands for compromising and destabilizing the democratically-elected government—which in objective terms is aimed at toppling the government which saved Croatia from the Yugo-communist system—not only the office for national security but the entire truly democratic Croatian public must deal with sources and final goals of such instances. In this connection it is significant to mention that instances intensified in the final phase of the homeland war and that they are continuing irrespective of its outcome, with no respect for the rights and duties of the democratically-established government to protect the constitutional order.

Neither the security services nor the Croatian public should attach excessive importance to these phenomena but neither should they ignore them in view of developments in some other countries.

Seven, from the point of view of the economy, the period ahead must be marked by faster and more lasting growth. This year, we must ensure the continued stability of the national currency, the kuna. Conducive to this is the fact that according to international forecasts Croatia will, in 1996, record the best economic results of all the countries in transition. To achieve this we must speed up economic transformation, the recovery of the banks, and privatization to secure more effective safeguards for creditors.

All economic entities [Serbo-Croat: subjekti] must first and foremost work on reducing operational costs and bring about technological rationalization, in other words, increase production. By its policies the government must encourage savings and secure long-term investment of strategic importance. Only in this way will it be possible to make necessary economic progress and secure social stability, including welfare policy for pensioners, invalids, and all other war victims.

All economic and financial decisions must be geared towards implementing as fully as possible the constitutional principle under which Croatia is a democratic state with a free market economy and, at the same time, a social welfare state in which social justice is one of the fundamental constitutional principles and values.

In this context, a particular role must be attached to the state budget. This is being reflected in the 1996 draft budget which, now that its structure as the mainstay of the economic and overall state policy has been changed, is designed to stimulate development, employment, and a gradual rise in the standard of living.

While striving to secure equal conditions for everyone, the state authorities, at all levels, must stimulate enterprising spirit and free market competition. At the same time it should be borne in mind that out of all reforms it is most difficult to change the inherited ways of thinking, in general, and in business, in particular, especially when it comes to defending acquired profit.

Systematic efforts must therefore be made to deal most resolutely with and to eradicate the socialist practice of passively waiting for solutions to come from above. State authorities at all levels, as well as individual businessmen, must use their own initiative to encourage economic progress and ask themselves how and to what extent they have contributed to the general good of Croatia.

This year we should finally complete the discussion on and pass a law on denationalization, that is, on compensation for confiscated property. Here,we should proceed from the principle that even greater wrongs should not be committed when righting past wrongs. Likewise, it should be borne in mind what impact this would have on the economy and the interests of the state as a whole.

Nine [as heard], the end of the war and the forecast economic growth in peacetime are creating preconditions for a different redistribution of the national wealth, that is, of the budgetary funds. This year it will be possible for the state to provide a considerably greater financial assistance to science, education, culture, and sports. Clearly, this will not be satisfactory, but it can give an additional impetus to the process of resolving problems besetting these fields.

Ten, the national health care reform should also continue this year. Our aim should be complete rationalization, better technical equipment, and privatization. Bearing in mind society's current financial potential, we can be satisfied with the state of the nation's health measured by the WHO criteria. However, it is necessary to undertake steps to spread health services more evenly throughout the counties, especially those which were occupied. .

In the past, the Croatian state used enormous sums of money to provide health care for hundreds of thousands of refugees and displaced persons. Criteria for including only those sections of the society who really need social security should be clearly defined in the next period. A drive against abuses of the system and the black market economy will create preconditions for a more qualitative way of resolving real social problems.

Eleven, within the framework of the overall program of reconstruction and development, more specific systemic, legal, and economic steps should be undertaken this year so that the worrying demographic situation as a whole, and specifically in certain counties and municipalities, is resolved gradually and systematically. The program of demographic revival should be constantly taken care of by, and taken as a duty of, the entire state body politics at all levels and all sections of the social life.

Twelve, the abovementioned tasks of the Croatian State represent clearly the Croatian Government's operational program and its tasks for the forthcoming period.

With a view to the successes achieved in the past in 1995, all preconditions exist for future successes in the overall economic and cultural reconstruction and for the consolidation of the international status of the independent, sovereign, and democratic Croatian State in this year of transition to peacetime.

Thus, I am convinced that this year, the year of peace, we shall achieve results which will equal those achieved during the war last year on our road to developing an independent Croatia into a country of guaranteed human rights, happiness, and prosperity for all citizens.

Thank you for your attention.

Visiting Bulgarian President Addresses Parliament

LD1801110996 Zagreb Radio Croatia Network in Serbo-Croatian 1000 GMT 18 Jan 96

[FBIS Translated Excerpt] Dr. Zhelyu Zhelev, president of the Republic of Bulgaria, who is on a three-day visit to our country, has addressed deputies at a session of both chambers of the assembly.

I am proud and pleased that in 1996 I am the first Bulgarian statesman to come on an official friendly visit to Croatia, thanks to the kind invitation of her president, Dr. Franjo Tudjman. This visit is moreover an opportunity for me to address you from the respected platform of the Croatian Assembly and to allow your public to learn more about the renewal of Bulgaria, and it will contribute to better mutual relations between our two friendly peoples.

It is no exaggeration to say that Bulgarian-Croatian relations are exemplary with regard to solidarity and that they are based on the Slav spirit, the closeness of the languages and culture of Bulgarians and Croats, and on their mutual assistance in the struggle for national liberation, President Zhelev said, among other things.

The eminent guest and large Bulgarian state delegation were welcomed in the assembly by Speaker Vlatko Pavletic and by Dr. Katica Ivanisevic, the speaker of the Chamber of Counties. [passage omitted]

Assembly Cancels Deadline for Refugee Return

LD1701223496 Belgrade TANJUG in English 1936 GMT 17 Jan 96

[FBIS Transcribed Text] Zagreb, Jan 17 (TANJUG) - Croatian parliament adopted on Wednesday the amendments to the act on takeover of property of the escaped Serbs, cancelling the deadline for their return and seizure of their property which was set for December 27 of last year.

Towards the end of last year, the United Nations Security Council warned Croatia that this law was an insurmountable obstacle for most of the Serb refugees and hence had to be revoked.

The parliament decided that the remaining questions related to the abandoned Serb property should be resolved by a separate agreement between Croatia and the Federal Republic of Yugoslavia (F.R.Y.) either within the process of normalizing Serbo-Croat relations or by means of separate legislation.

In last year's Croatian aggressions against western, northern and southern parts of the Republic of Serb Krajina (RSK), the Croatian army drove out around 250,000 Serbs.

Around 300,000 more Serbs have fled Croatia under different forms of pressure since its 1991 war of secession from the former Yugoslavia.

Commentary: Situation in Usora 'Calming Down'

LD1801003396 Zagreb HTV Television in Serbo-Croatian 1830 GMT 17 Jan 96

[Unattributed commentary]

[FBIS Translated Excerpt] The project of building a federation of Croats and Bosniaks has overcome yet another crisis along its difficult and long road. The situation in Usora is calming down and there are no incidents in Mostar either. Many will attribute this to their personal efforts, but they will shift the blame for very tense situations to the Croat side—which is completely unjustified and politically counterproductive. No doubt there are individuals on the Croat side who are trying to prevent the process of establishing a federation. However, such individuals are at local levels and do not have enough influence to achieve their goal.

The Croat leadership in Bosnia-Herzegovina has made it clear in recent contacts with influential world politicians that it was determined to persevere in the project of the federation with the Muslims. [passage omitted]

It is understandable that the Bosniak authorities would like to achieve the reintegration of Bosnia-Herzegovina as quickly as possible, but they are wrong in thinking they could only achieve it by means of strong central institutions, the government in the first place.

The best example for this is the old Yugoslavia, which had a strong government, a strong army, single currency, etc. and it vanished despite all this.

The reintegration of Bosnia-Herzegovina can be achieved by giving a chance to all nations to realize their rights. If one nation imposes its will on another this will lead to separatism and not to reintegration.

'Mujahidin' Reportedly Transit From Bosnia

AU1701165196 Paris AFP in English 1602 GMT 17 Jan 96

[Report by Sonia Bakaric]

[FBIS Transcribed Text] Zagreb, Jan 17 (AFP)—Moslem mujahidin, two years after joining the Balkans war on the side of the Bosnian Moslems, are making their way home—very quietly.

Discretion is the order of the day for departing Moslem warriors whose exit—at the United States' behest—is a key part of the Dayton peace accords now being put into effect in Bosnia-Hercegovina.

Informed sources in Zagreb say that several 200-strong groups of foreign mujahidin have come into Croatia on buses from Bosnia, then taken outbound flights from the capital or the southern city of Split.

Where exactly they are going, no one can say—or wants to say.

Under the Dayton accords, so-called "foreign forces" must be out of Bosnia by Saturday.

The mujahidin have to pass through Croatia because Bosnia lacks sufficient access to the Adriatic Sea, while the airport in Sarajevo has yet to open to civilian traffic.

In leaving Bosnia, the mujahidin first assemble at a Bosnian base near Cazin, in the west of the country, then travel into Croatia where they embark on Croatian airliners to other points in Europe for connecting flights.

Officially, the mujahidin were an elite force of 4,000 to 5,000 men within the Bosnian government army, divided equally between Bosnians and volunteers from abroad.

Afghanistan, Algeria, Pakistan, Turkey, and various Middle Eastern countries were all represented.

Split into small, highly mobile and well-equipped groups, the mujahidin were based in Sarajevo and central Bosnia, and had a reputation for courage in the face of Serb forces.

Once the peace accords were signed, however, they became an embarrassment for the Bosnian authorities who wanted to maintain good relations with both Washington and the Moslem countries that had always supported them in the war.

The United States, which brokered the Dayton accords, considers the mujahidin a potential threat to its 20,000 troops serving in the NATO-led peace Implementation Force (IFOR).

On his lighting visit last Saturday, U.S. President Bill Clinton made a point of reminding Bosnian President Alija Izetbegovic that he wanted all "foreign troops" out of the country on schedule.

THE WASHINGTON POST newspaper has reported that the Central Intelligence Agency is stepping up its work in Bosnia, particularly in monitoring the mujahidin withdrawal.

An incident involving the mujahidin and U.S. troops would bode ill for Clinton just as he is starting his campaign for a second term in the White House, analysts say.

An IFOR spokesman said Tuesday that no more than about 150 mujahidin remained in the Bihac region, in northwestern Bosnia, and even they were on the point of leaving.

"There is no reason to believe that (the mujahidin's departure) will not happen on time," he said.

Nevertheless, informed sources claim that an unknown number of foreign mujahidin have managed to obtain Bosnian passports, and have regrouped in the central city of Zenica.

Croatian television, which had been quick to vilify the mujahidin when Croats and Moslems joined battle, has covered their departure only briefly.

Video images have shown the bearded fighters covering their faces with their headgear at the appoach of cameras.

Informed sources in Zagreb say special Croatian units are closely monitoring their exit.

Zagreb Said Dumping Nuclear Waste in W. Slavonia

LD0801174996 Belgrade SRNA in Serbo-Croatian 1615 GMT 8 Jan 96

[FBIS Translated Text] Banja Luka, 8 Jan (SRNA)—In a statement issued today, Milan Martic, the president of the Republic of Serb Krajina, confirmed the TV Slovenia reports on the storage of radiocative waste in occupied parts of Krajina.

"Recent TV Slovenia reports on radiocative waste being dumped in western Slavonia and other occupied parts of the Republic of Serb Krajina are completely true," says the statement signed by presidential spokesman Pero Damjanic.

According to the statement, as early as in 1990 Croatia committed itself to store mainly German radioactive waste and dangerous chemical poisons in Croatian areas inhabited by Serbs before the Croatian aggression.

The statement says that the Krajina government has sent documents on the storage of radioactive waste and chemical poisons to the governments of the Federal Republic of Yugoslavia, Hungary, Romania, Bulgaria, and Russia because, according to experts of the Vinca institute, this dumping is dangerous for the entire Drava, Sava, and Danube river-basins.

"The Krajina government has reported the case to the Atomic Energy Agency in Vienna but so far there have been no reactions from green parties in Western Europe, international organizations for the prevention of nuclear war or the United Nations," the statement says.

UNPROFOR [UN Protection Force] officers used to send reports and photographs of Croatian vehicles with dangerous freight but the reports were never cited in regular statements issued by Secretary General Butrus-Ghali.

The office of the Krajina president is of the opinion that the case has been covered up and that this has been confirmed by the refusal of the commission for investigating war crimes to secure funds for an investigation into levels of radioactivity in western Slavonia.

Military To Buy Modern Planes, Ships

AU0501174396 Split NEDJELJNA DALMACIJA in Serbo-Croatian 5 Jan 96 pp 2-3

["Exclusive" article by Mario Galic: "Croatia Purchased MiG-29's For Liberating Eastern Slavonia"]

[FBIS Translated Text] Recently, the media have started talking about which fighter planes the Croatian Air Force will purchase. NEDJELJNA DALMACIJA has exclusive information and is publishing it first that Croatia has already bought very modern Russian-made MiG-29 fighter planes! More precisely, two planes worth $18.7 million have been purchased. The price was a bit lower, because both planes had been used by the Russian Air Force, so that they had had some 200 hours of flying. The whole deal was concluded during the Croatian delegation's visit on the occasion of the celebration of the victory over fascism, in Moscow last year. The Croatian delegation was accommodated at the same hotel as the Serbian delegation which was buying weapons for the "Yugo-army" in Moscow at that time.

As early as at the end of the eighties, the former JNA [Yugoslav People's Army] bought 14 MiG-29A fighter planes, which were supposed to satisfy to a certain degree the needs of the Air Force until the completion of the production of a "homemade supersonic plane." At the moment, the MiG-29 is one of the most modern fighter planes in the world, along with the U.S. F-14/15/16/18, the French Mirage 2000, and the Russian Su-27. According to its general and flight characteristics, it bears the largest resemblance to the U.S. F-18 fighter, although the MiG-29 is much faster than the F-18. Thus the MiG-29 can achieve a maximum speed of 2,400 km/h, while the F-18 achieves only 1,910 km/h. According to its flying and aerial maneuvering capacities, the MiG-29 does not lag behind the other competitors. However, the first variant of this airplane (marked A) has had a relatively weak electronics system, which referred to the radar in particular.

Electronic Connection to the Pilot's Helmet

The MiGs bought for Croatian needs are the latest variant (marked S), which, apart from the new more modern radar system, possesses also the capacity of carrying all the most modern Russian-made guided missiles, some of which are the best in the world. Thus this variant of the plane carries at the moment the best short range R-73 (NATO mark is AA-11 Archer) air-to-air missiles. Apart from an exceptional mobility, this missile is also directly connected to the pilot's helmet, which allows engagement of targets lateral to the aircraft, which cannot be "caught" by missiles with a traditional system of targeting and guidance. An earlier variant of this missile—R-73A—has a 30 km range, while the most recent R-73M can hit targets at a distance of 40 km.

R-27 medium-range missiles (NATO mark is AA-10 Alamo) also are a component of the MiG-29 armament. So far, a couple of versions of this missile have been made in Russia, supplied with infrared, semi-active and active radar guidance, and a maximum range of 70 to 170 kilometers, which are standard equipment for all Russian and exported MiG-29's. However, Croatia has bought a version of the plane which, besides R-27 missiles, can also carry the most recent Russian R-77 medium-range missiles (AA-12 AMRAAMSKI), similar or even better than the much talked about U.S. AIM-120 AMRAAM missiles. The R-77 missile has an active radar finder and a maximim range of 90 kilometers (50 km more than AMRAAM). In addition, these MiGs can also use a wide selection of guided and unguided missiles, as well as bombs designed for the destruction of targets on land and at sea.

Both planes were supposed to fly to Croatia immediately after they were purchased, with the main intention to show them flying on the occasion of the military parade at Jarun [Zagreb artificial lake and recreation center] in May. However, the idea was abandoned when the Croatian Air Force found out that at the moment they simply had no pilot capable of flying a MiG-29 fighter.

As early as 1993, the Croatian Air Force managed to get a fighter plane the use of which could have easily changed the whole balance of power in this area. Namely, in 1993, a squadron of brand new Su-25 ground-attack aircraft was purchased and transported from the factory in Tbilisi. Unfortunately, in the meantime, civil war broke out in Georgia, and the government there forbade their military experts to leave the country. Thus, the purchased "Ravens" have remained in their transport containers, because an attempt at assembling aircraft of a completely unknown type would most probably end pretty badly for the pilots who would fly them. Besides, nobody has ever flown that aircraft in Croatia, so that, besides the aircraft engineers, also the flying instructors were supposed to come from Georgia. The attempts to bring maintenance experts from the countries which possess Su-25 planes have failed, because those countries conditioned the fulfillment of our requests on the purchase of aircraft of the same type from their reserves. Croatia could not accept that demand, so the contract on technical help was never signed.

That is really bad luck, because the Su-25 ground-attack planes are very good at their task, which is small wonder if we know that this type of plane was abundantly used during the Afghan war. All the shortcomings noticed there have been removed, so that a ground-attack plane was created which is very resistant to antiaircraft fire and missiles. The rear part of the fuselage has been modified by special alterations, by which the resistance to direct hits from light rocket systems like Stinger and Needle has been increased.

The fighting characteristics of the Su-25 are rather good, considering the purpose of the plane. Thus, it achieves a maximum speed of 975 km/h, and its combat range is about 500 kilometers. There are ten pylons under the wings which can carry a total of 4,000 kilograms of various weapons, among which are laser, radio, and television guided missiles and guided missiles intended for the destruction of enemy radar systems. In the nose of the plane there is a two-barreled 30mm gun with a maximum fire rate of 3,000 rounds per minute. At his disposal, the pilot has an ammunition container housing 250 shells. Any Su-25 can carry, on its outward pylons under the wings, short-range R-60 (AA-8) air-to- air missiles for self-defense.

A component of the armament is also a laser rangefinder placed in the nose of the plane, which serves not only to measure the distance to the target, but also for aiming the very precise laser-guided bombs and missiles. That is exactly what the Croatian Army needs in order to destroy the bridges and pontoons on the Danube, if it should have to liberate Baranja, eastern Slavonia, and western Srijem by force. Unfortunately, the conclusion is that the Croatian Su-25's will not be operational at the time when that large offensive operation will be carried out, although a part of the ground-attack tasks, otherwise executed by these planes, will have to be taken over by Mi-24 combat helicopters.

Although so far mostly neglected in favor of the ground forces and Air Force, the Croatian Navy also has major needs for modern military equipment. Thus, the only real Croatian submarine lies unfinished in the shipyard, while the construction of the second ship of the "Petar Kresimir IV" type is making very slow progress. Besides them, the construction of the first real mine-sweeper is under way. It should, at least to a certain degree, remove a constant fear of the enemy's offensive mine-laying. The Serbian Navy consists, at the moment, of four big and five smaller submarines. The majority of them are not in operational condition, but only one would suffice to lay large underwater minefields in front of Croatia's harbors.

Anti-Submarine Warfare

An additional difficulty is the fact that, at the moment, the Croatian Navy has no real warship equipped and armed for modern anti-submarine warfare. True, three patrol boats are supplied with sonars, but not with modern anti-submarine weapons. Equipping Mi-24 helicopters with guided light anti-submarine torpedoes is only a temporary solution. Therefore, in Lora [the Croatian Navy command building in Split], they have been thinking for a long time about buying one or more specialized anti-submarine warfare ships. Until the lifting of the arms embargo, one thought of purchasing ships from Ukraine or Russia, but the unsolved question of the Black Sea Fleet has made the signing of the contract difficult. Besides, Croatia did not want to buy a new ship, both because of the price and the term of delivery, but it preferred one of the older ones which have either been operating constantly or which have been kept in the reserve.

After the arms embargo was lifted, the situation changed completely, so that now the Croatian Navy can draw up plans for and construct the hull of a ship, and probably also the propulsion system, and buy on the world market the best sonars and torpedoes suitable for use in shallow seas like the Adriatic. The only shortcoming of that approach is that, in that way, the Croatian Navy will be without a ship intended for anti-submarine activities for at least five years. After all, who knows, miracles happen, so perhaps Croatia will succeed in getting back from Serbia, by succession, at least one submarine chaser of the "Kotor" type, and thus get a ship equipped perfectly well for the tasks of anti-submarine warfare.

Commentary Focuses on Disputes Within Coalition

AU1101101796 Skopje NOVA MAKEDONIJA in Macedonian 6 Jan 96 p 15

[Commentary by Jugoslava Dukovska: "Year of Disentanglement"]

[FBIS Translated Text] Following the dramatic events that took place in 1995 and which changed Macedonia [The Former Yugoslav Republic of Macedonia—FYROM], we have hopes that the next year will be calm. However, the events that marked the political life in the country in the last year definitely require a disentanglement, and disentanglements are usually not calm. So, there is not going to be calmness, according to the announcements of the main actors on the political scene in the last days of the old and the first days of the new year. These announcements expressed a clear-cut goal—to speed up the indispensable solution to the mess in which the greatest political force in the country, the Alliance for Macedonia, found itself.

We could see in 1995 how easily a coalition can be wasted, even if it is a winning coalition. The disputes between the two partners, the SDSM [Social Democratic Alliance of Macedonia] and the LP [Liberal Party], (the Socialists, being the "smallest in number," only occasionally raised their voice with the aim of coming closer to the "stronger brother") started just after the elections and the jointly celebrated victory. It started with the decision of the liberals to abstain in the vote for the government in which they participated under the term "participation on a personal level" (not on a party level); with the blatant affair of the "Hard Rock" discotheque that is remembered as the first seed of division that was thrown between the two election partners; with the affair of the "election money," where even court charges were mentioned; with the inability to show goodwill for the creation of a common platform for the Alliance for Macedonia and a delegates' club of the coalition in parliament, which were followed by the "declared war of statements and addresses" that openly started after the assassination attempt against President Gligorov last October.

Marriage of Conveniece

It became clear that the balance in the relations between the SDSM and the LP from the point of view that "the Alliance for Macedonia is an election coalition" (read: for one use only) and that this political bloc has a long-range program is no more trustworthy for the public. The false idyllic image was first broken by the liberals with their statement, which looked as if it had reached the "twilight zone," in which they praised themselves for their attitude in the days after the assassination attempt. Following this, Prime Minister Crvenkovski loudly and clearly recommended that the Alliance is not a locked room and that there is a place in it for others as well, but those who wish can leave it as well. The liberals sent a public message to the prime minister that the rejected resignation of Interior Minister Frckovski was not to their taste and they fiercely attacked the first man in the police of cheating the public by presenting findings from the investigation on the assassination attempt against Gligorov, or that he himself had been cheated by somebody else. However, this view did not lead to a serious turning point in the procedure of the investigation as it had been so impatiently expected.

The engagement of the largest parliamentary groups for the formation of a commission on the investigation into the assassination attempt against the head of the state, as is the usual procedure in the civilized world, remained in a sphere filled with statements like: "It is a good and possible idea," but no concrete initiatives were presented in parliament, although it itself had adopted a declaration on the assassination attempt. Perhaps this was the real signal which indicated that, after all, the marriage of convenience, as the Alliance for Macedonia has been labeled since the first day of its formation, would not be easily destroyed either by the dissatisfied or by the self-satisfied.

The question of the serious deterioration of relations between the two largest ruling political parties is the top subject in the public. The speculations that are related to the breakup of the coalition have their concrete scenario: Breakup of the coalition can be expected after the adoption of the bills in parliament for which a two-thirds majority is needed. It will be divided into a simple majority under the leadership of the SDSM (61 votes) and the opposition—the Liberal Party, so that a one-party government will be formed. The "fierce" statements were not louder than the "quiet" statements. Ljubomir Popovski, secretary of the SDSM, believes that "as in every family, there are misunderstandings in this political family as well, including impulsive procedures and irresponsible attitudes... but the SDSM, as the leading party in the Alliance, will not do anything to break up the Alliance, although we do not oppose its enlargement."

The leader of the LP, Stojan Andov, calls the events in the Alliance "healthy tensions," denying any personal intolerance between himself and Branko Crvenkovski, the president of the SDSM. Speaking about this speculation on the animosity between the two leaders, it is necessary to recall Crvenkovski's answer to VECER when he was asked this question: "Neither from the aspect of our two generations, nor the personal ambitions and future plans, or the positions that we occupy (Andov and I), can I see any possibilities or interest for any kind of rivalry."

Slaps and Allegations

It is not beyond reason to think that power is so sweet and that it is the greatest motive for the two ruling parties in dispute to maintain the mentioned marriage of convenience. It is not an exaggeration to evaluate that the married couple will overcome the mutual public airing of dirty laundry, the slaps and allegations, even the flirting of the liberals with the opposition (the Internal Macedonian Revolutionary Organization-Democratic Party for Macedonian National Unity) of which they are accused, although they do not admit it, because the simple truth is that such marriages survive, one way or the other.

The factor for stabilizing the shaky political situation, as many times before, will again be President Kiro Gligorov, that is, his return to the helm of state after his recovery. In his New Year's statement, in evaluating that last year the democratic processes in the country continued, including everything else that Macedonia has been doing and representing as a foundation of a state governed by laws and a civil society, the president recommended that after this snapping year, we have to turn our attention to the internal problems, to the economy, to the social situation of all the citizens, by engaging a greater presence of the citizens in all the decisionmaking processes concerning the future of the country.

Some connoisseurs say that the president, who has returned to office despite all speculations, is now more than ever determined to clear up the situation in the goverment. We will have to wait and see what that actually means, but it is possible that the liberals, under the influence of his authority, "will settle down" and forget about their serious remarks about the partners in the Alliance, and that the social democrats will stop suggesting that the Alliance's "door is open."

Given the conflict between the largest participants in the goverment, the turmoil in the "Albanian" political bloc, that is, the present differences of opinion within the largest party of the Albanians in Macedonia and the only one that is participating in the government—the PDP [Party for Democratic Prosperity], remains in the shadows. Recently, this very moderate party from the mentioned bloc has often said that it may leave the institutions of the system because it does not have a "cover for participation in the government," because of the relationship of the two other coalition partners. The leader of the PDP, Abdurahman Aliti, is thus approaching his more radical "colleagues" in the PDPA [Party for Democratic Prosperity of Albanians] and the NDP [People's Democratic Party]. It is not difficult to presume what this can mean for the stability of the current authority and for the political climate in the state in general. In recent years, there have been several stressful situations on the interethnic plane, the biggest test of which was certainly was Tetovo university and the conflicts in Mala Recica. The Albanian leaders did not miss the chance to state that the questions concerning minorities' rights are far from being solved in Macedonia, but when such a view is explicitly expressed and demonstrated by a partner in the government, it can certainly be a reason for concern. Such possible consequences may be far more serious than the story about the disputing "married couple."

Breakup of Coalition Viewed

AU1001124996 Skopje NOVA MAKEDONIJA in Macedonian 6 Jan 96 p 13

[Commentary by Erol Rizaov: "Coalition Without Alliance"]

[FBIS Translated Text] The marriage of convenience between the social democrats and the liberals is definitely breaking up. The divorce has not been publicized yet, but it is readily apparent from the latest statements of Prime Minister Branko Crvenkovski and the announcements and press releases of the liberals. The final breakup can be temporarily prevented only by the president of the state Kiro Gligorov, something that he has done so many times before, but the question is how he can accomplish all this without disturbing the balance that he is keeping toward one side and the other. It is necessary to keep in mind that a civilized divorce is always better than a bad marriage. The only difference is that a rational divorce rarely happens in the Balkans.

To be more precise, with every new dispute among the ruling parties, the joints are becoming looser, not because they are arguing or cannot stand each other, but because they air their dirty laundry in public. They have already started to sacrifice their own people, that is their own children. The latest mutual accusations among the leaders of the two largest coalition parties, Branko Crvenkovski and Stojan Andov, clearly indicate that the "serious people for serious times" (one of the main preelection slogans of the Alliance for Macedonia) have become not-so-serious, while the times have become more serious than last year.

The agony within this coalition started from the first day when the election results were announced, while small quarrels and allegations were present during the preelection campaign itself. Instead of conducting serious dialogues and negotiations on the future strategic vision and developments as they concern democratic systems, the parties' leaderships are arguing like children about whose chances of winning the elections are greater and about the division of power. They struggle over spheres of influence, they start fights for authority and stronger positions in seizing power.

The quarrels became stronger after the "Hard Rock" and "Silex" [discotheques] affairs, and they continued with the same intensity in the struggle for the division of the budget money for the seats in parliament. Fights were waged over ministerial positions and over managerial posts in big state companies. After that, they became melodramatic when they started praising themselves for the roles that they played after the assassination attempt against the president of the state. They disregarded the act of the assassination attempt, and followed with monstrous imputations about involvement in the assassination attempt, or about deliberate inefficiencies in the investigation, or devilish speculations about possible successors to the president, as well as some other dirty matters that do not suit parties that had promised so many things before the elections. They are the parties whom the public had trusted and to whom it turned its eyes with great confidence.

It is logical to ask what will happen in two to three years, when the promised turning point in the economy will still remain far away and when there will be no signs of a rise in living standards, if the coalition partners behave in this way a year after they have seized power, when they still have a certain amount of political capital, and some of them are still respected in public and can boast of some achievements. So, before it is too late, it is necessary and humane to publicize the divorce and accept all the negative consequences that can follow such a radical step.

One of the two parties that will provide the majority in parliament can form its own government and thus take over the whole responsibility for the further development of the state; the other coalition partners will then have conditions to urge the democratic processes and opt for a strong parliamentary opposition. Any other solution will be artificial and the responsibility will remain undefined, which will make everyone a loser. To maintain a marriage of convenience will breed new allegations, speculations, intrigues, and new personnel sacrifices; that is, a serious political and economic crisis.

Finally, in the period of three years before the next elections, every authority has the possibility to show what it can do. Otherwise, pushed by a strong opposition, it will be forced to go to early elections and, if it does not succeed in keeping power, it will have to cede it to someone who can lead the state in a better way. If these mutual quarrels hide ill-considered calculations for division of the electoral body and of the public in general between the social democrats and the liberals, the matters are not that bad if the other parties are put in the margins. This is hardly believable, but it should not be excluded as a possibility. Then we can say that this determination will be fatal for both parties.

You cannot attract the attention of the public with mutual conflicts for a long time before it will soon be fed up, and the broad public will accuse the two sides of incapability of leading the state. On the other hand, the bad situation in the economy and in the economic sphere in general will soon direct the public to look for the guilty parties among all the coalition partners that comprise the authority. It is necessary to emphasize right now that the mildly announced reconstruction of the government does not have to be merely cosmetic, but rather a radical cut that has been indispensable since a couple of months ago. The latest polls on the rating of the government, in which a negative opinion prevailed, are more evidence for this and they fully comply with the analyses of objective observers of the political and the economic situation in Macedonia [The Former Yugoslav Republic of Macedonia—FYROM].

Now is the right time for those who have the majority in parliament to show goodwill, form a new authority, and take over full responsibility. By doing this, they will open the road to the formation of a strong opposition in parliament, for clear settlement of the accounts, for better party exposure without hiding behind somebody else's back, as well as for a better defined responsibility of the personalities who are conducting the current policy.

'Serious Political Crisis' Seen

AU1701203696 Skopje MIC in English 17 Jan 96

[FBIS Transcribed Text] The central political theme these days is the escalation of the public inter-party bickering between the two partners in the ruling coalition—the Social Democratic Alliance of Macedonia [SDSM] and the Liberal Party of Macedonia, and the announcements about reconstruction of the government cabinet.

The increasingly bitter conflicts between the coalition partners seem to be announcing that Macedonia [The Former Yugoslav Republic of Macedonia—FYROM] is entering a serious political crisis, which is preceded, before all, by the government crisis.

Premier Branko Crvenkovski's definition of the state executive power as an "open room" was received by the Liberals with much support, which, it seems, was not the anticipated response.

Interpreting the last events which were connected with the problems of the government and, as the SDSM secretary Ljubomir Popovski admitted it was an expected scenario, his opinion is that the Liberals "did not go beyond the view that they held before the election of this government." However, the SDSM has not moved much as well, since it is waiting for the premier's analysis of the one-year work of the government, which should also contain the personnel changes. The results of the analysis will decide the fate of the coalition Alliance for Macedonia. The stance of the third partner—the Socialist Party of Macedonia, is quite close to that of the SDSM. Blagoja Filipovski is recognizing the prime minister the right to make changes in the cabinet, however, he also wants matters cleared up as to who will bear responsibility for the situation in the country.

Of all the statements and talks we had with the representatives of the coalition partners, although there are attempts to clarify the situation, their awkward language tells us that they are not communicating between each other.

The fourth participant in the Government, PDP [Party for Democratic Prosperity], according to the coordinator Ismet Ramadani, does not wish to assess the present state of relations between the coalition partners, before his party's central leadership gives its views. The opposition, however, judging by Petar Goshev's statement (DP), is not in surprised by this, and interprets it as "court games for personal domination."

EC Chairman, Italy's Dini on EU Membership

WS1801092596 Poznan WPROST in Polish
21 Jan 96 pp 59-60

[Interview with Jacques Santer, chairman of the European Commission, and Italian Prime Minister Lamberto Dini by Jacek Palasinski; place and date not given: "The Preadmission Strategy"]

[FBIS Translated Text] [Palasinski] Can the election successes of communists in the Central European countries serve as an obstacle to the process of integration into the European Union? Do you not think that the Union should be partially blamed for the crisis of their young democracies?

[Santer] The EU is seriously considering admission of Central and East European countries that are associated with it. Relevant EU institutions are examining, independently from one another, candidacies of all the states that have applied for EU membership. However, the analysis of those applications, as was decided by the European Councils in Cannes and Madrid, will start after the Intergovernment Conference (which will open on 29 March 1996 in Turin and will last from several months to more than one year—J.P) It is not until its results are taken into consideration that a decision will be made regarding a possible timetable for admitting new members. Under consideration will only be states that meet political, social, and economic requirements set at the summit in Copenhagen.

[Palasinski] So, in practice, no serious talks about admission of Poland to the EU will start before late 1998?

[Santer] Yes. Meanwhile, we will expand the present forms of cooperation, improve treaties on association [with the EU], intensify contacts at all levels, particularly ministerial ones, and continue to extend aid as part of the PHARE [Economic Reconstruction Aid for Poland and Hungary] program. Generally speaking, we will conduct a structural dialogue with those countries. We expect that, in this respect, the Italian leadership will prove particularly creative and energetic.

[Palasinski] And what about the communists in power?

[Santer] If the countries seeking membership in the EU meet political, social, and economic conditions set in Copenhagen and if they still are willing to join the Union, they will be admitted regardless of the political orientation of their ruling legislative majority.

[Dini] I see that you are not satisfied with Mr. Santer's answers. May I know what else you expect from us?

[Palasinski] Mr. Prime Minister, for six years now, presidents and prime ministers of postcommunist countries have been visiting Brussels and other EU capitals and saying: "Gentlemen, we are having big problems. Help us or our democracy will fail." Do you not think that the EU is turning a deaf ear to all those appeals and underestimates the magnitude of problems experienced by East Europe? Will it not be too late in 1998 to initiate talks on admission?

[Dini] We have done everything we could! I cannot imagine how else we could help your countries. We carry the financial burden of aid for East Europe. And I believe that this is a very clear signal of political will in favor of aid and integration. Now the ball is in your court. There can be no talk about admission without meeting all of the requirements. The main condition, let us face it, is to ensure a democratic structure in your countries. Yes, a democratic structure. In your countries, the rights of individuals and societies must be fully observed.

[Santer] I also think that we have done much for Poland. We still carry the burden of financial assistance. We have allocated 7 billion ECU's in structural aid for your countries. I am confident that the "preadhesion" [preceding word published in English] strategy ("preadmission") is the only strategy the Union can apply. However, as Prime Minister Dini correctly noted, Central and East European countries must adjust their structures so that they are able to meet the admission conditions. In this regard, the most important thing is democratization of those countries and the market-oriented transformation of their economic structures. Let me bring your attention to the white book that clearly and precisely determines the operation of the EU. The only states that can think about joining the Union are those that fully adjust their structures to those regulations. They are mandatory for all candidates. And not only for them, but for the EU members as well.

Oleksy Cancels Visit to Netherlands, Luxembourg

WS1801113396 Warsaw GAZETA WYBORCZA
in Polish 17 Jan 96 p 2

[Report by "KNYSZ": "Canceled Visits"]

[FBIS Translated Text] "Prime Minister Jozef Oleksy will not go to the Netherlands and Luxembourg at the end of this month, as he had planned," said Government Spokeswoman Aleksandra Jakubowska. However, the prime minister has not canceled his visit to Israel, scheduled for February. His plans include trips to Malaysia, Indonesia, Thailand, and Moscow.

Weekly Claims Others Involved in Oleksy Case

WS1701161096 Poznan WPROST in Polish 21 Jan 96 pp 19-22

[First installment of a report by Stanislaw Janecki in cooperation with Artur Witoszek: "Big Game"]

[FBIS Translated Text] *The Oleksy case is only the tip of the iceberg. In reality, the KGB gathered at least several leaders of the postcommunist camp. Now that the pseudonym of Olin [Oleksy] has been deciphered, it is time to reveal the identities of Minim and Kat [Executioner]. The Oleksy case did not begin with the Moscow loan staged by the KGB, although it would be worthwhile to find out why the Polish United Workers Party [PZPR], later transformed into the Social Democracy of the Republic of Poland [SdRP], needed money, having had deposited 22.7 million Swiss francs and $750,000 in banks. How and from whom did the Polish intelligence services obtain materials incriminating the prime minister? How will the hunt for the KGB agent rounded up by the Poles end? Is it true that [Deputy Interior Minister] Zbigniew Sobotka took documents out of the Office of State Protection [UOP] for several hours? Who is Alganov's replacement? What were the instructions of the confidential resolution passed by the CPSU Central Committee on 12 April 1991? WPROST reached several independent sources and reconstructed the events leading up to the largest affair in the Third Republic of Poland.*

When the Soviet Union fell apart, the Polish intelligence services, which were viewed as having friendly relations with their counterparts in the West—at least since the Gulf war—were tipped off that one of the SdRP leaders was collaborating with the KGB. UOP intelligence, which also had successfully spotted an agent from the Moscow headquarters at the time, received confirmation of this. The informer did not know, however, who was working for the Russians. Attempts were launched at spotting other agents in the hope that someone better informed could be found. One of these agents had access to the dossier of an informer filed under the pseudonym "Olin."

The UOP received a specification of the documents and information that Olin conveyed to the Russians. The list was long and contained information on top state secrets: from reports on the proceedings of the Sejm Commission for Administration and Internal Affairs and the Defense Commission, which were strictly confidential, to a report on foreign intelligence operations in Poland meant only for seven top state authorities (each copy had a separate number). It was established that some of the reports must have come from someone who was for some time a member of the Political Advisory Committee to the interior minister, others from someone who had worked for the Ministry of Internal Affairs under all of the governments of the Third Republic of Poland. The counterintelligence services were simultaneously working on the KGB agent network. The findings of both investigations led to the disclosure of Olin's leading officer and, as a result, to Olin himself.

Materials obtained from the headquarters of the Russian intelligence services suggested that, apart from Olin, there were several other highly qualified information sources, all closely associated with Olin, from the same political camp, each known under a separate pseudonym. Two pseudonyms were discovered: "Minim" and "Kat." The Moscow documents indicated that there were five information sources in all. The most recently acquired documents, which are of fundamental meaning for the whole case, were secured by UOP only in the final months of 1995. They allowed the counterintelligence services to establish which member of the Political Advisory Committee was the source of the leaks. This had to be none other than Jozef Oleksy. In the past few days, a top-ranking MSW [Ministry of Internal Affairs] oficer who supplied Olin with the information he passed on to the Russians has been identified.

Even Colonel Alganov had been under UOP surveillance for some time, but it was difficult to find any real evidence. Contacts between the PZPR—and later the SdRP—leaders with Russian diplomats, the majority of whom were KGB officers, were very frequent. As Poland began tearing away from Moscow, however, the KGB residents intensified their search for new information sources. They targeted individuals who were young, dynamic, ambitious, power-driven, and opportunistic and who were quickly climbing the party ladder.

The method used to subject these people was almost identical to the one used in the case of Marek Zielinski, who was sentenced to nine years of prison in 1993 on charges of collaborating with the GRU [Chief Administration for Intelligence (Division of the General Staff of the Soviet Army)] and its successor—the Russian military intelligence service. During Zielinski's trial, it was discovered that in the final years of the Polish People's Republic the Russian secret services very intensely rounded up agents from among Poles. Contacts between leftist politicians and KGB officers, friendly at first, consisted of granting small favors, offering gifts for wives and children, and providing goods unavailable on the market. During the course of these contacts, the agent imperceptibly became dependent. Good knowledge of the "friend," his weaknesses, and any atypical inclinations were then used against him.

When Alganov ceased to be Olin's leading officer in 1992, he was replaced by Grigoriy Yakimishin, an employee of the USSR Consulate General in Gdansk. Yakimishin was a graduate of the same KGB academy that Alganov had completed. Both were the best students in their class. As the case of Mr. Bell, one recruited by Marian Zacharski, has shown, it is difficult to pinpoint the moment when social contacts turn into cooperation with a foreign intelligence service. Besides, such contacts are extremely useful in targeting people who could be recruited to work for foreign intelligence. Alganov is said to have known what Jozef Oleksy's party colleagues had against him. He obtained the information through purely social contacts and used it later on.

The information collected to date indicates Alganov did not supervise any agents. What is important, however, is that, just like Military Attache Lomakin, who was Zielinski's leading officer, Alganov lived in what is popularly known as Red Pig Bay [part of Warsaw]. Why did the embassy pay almost $2,000 rent for an apartment in this district when all of its other employees lived [in one building] on Sobieskiego Street? Because this is where all the top SdRP politicians lived: Aleksander Kwasniewski, Jozef Oleksy, Leszek Miller, Jerzy Jaskiernia, Zbigniew Sobotka, Jerzy Szmajdzinski, and Janusz Zemke. The houses in Krolowej Marysienki Street, where the Russians rented apartments, are a mere 150 meters away from Wiktorii Wiedenskiej Street, where the SdRP leaders live. When the Moscow loan was to be repaid on 2 November 1990, Alganov's apartment in Red Pig Bay provided the ideal setting.

On 2 November 1990 at 1800, SdRP Secretary General Leszek Miller and his wife paid Alganov a visit. Already present were Vitaliy Svetlov, head of the East Europe Division of the Foreign Department of the CPSU Central Committee, and Vladimir Silvestrov, alias Vladimir Vershinin, a staff employee of the First Directorate (intelligence) of the KGB. Leszek Miller handed the KGB agent a "valuable package"—the $600,000 that Mieczyslaw Rakowski had borrowed. The Millers left Alganov's apartment at 2145. These events are described in protocols of the interrogations Svetlov and Vershinin carried out at the request of the Polish authorities by Lobanov, an investigative magistrate of the Russian Soviet Federated Socialist Republic, in October and November 1991 in Moscow.

It cannot be ruled out that Leszek Miller is the mysterious third man—on the Polish side—who was in the room adjacent to Mieczyslaw Rakowski's office in January 1990 and collected the money from Shevchenko, head of the Administrative Department of the CPSU Central Committee. Yet it was not the PZPR that was in need of money. At the time—December 1989—the party leadership had 22.7 million Swiss francs and $750,000 deposited in the Nostro account, an account held by Polish banks in the West. The money was deposited into account number 10797 147 PKO BP at the Swiss Corporation Bank in Basel, into a Bank PKO SA Paris Division account held at the Union Bank of Switzerland in Zurich, and into a PKO BP account held at the Standard Chartered Bank of New York.

Swiss francs were transferred from permanent balance account number 34089-151-97971 held at the Main Foreign Currency Division [GOWD] of the National Bank of Poland at the instruction of the Foreign Department of the PZPR Central Committee, issued on 31 August 1989. Interestingly enough, the first PKO BP document of a payment to the account carried a note saying: "Confidential—Do not book." Moreover, since May 1972, the GOWD was giving the PZPR Central Committee blank forms for taking foreign currencies out of the country. Roughly 800 such blank forms were issued in the period 1988-89. Practically speaking, top authorities of the PZPR Central Committee could take suitcases full of money out of the country without any difficulty and deposit it wherever they wished. Apart from that, the PZPR borrowed nearly 40 billion zlotys [Z], some of which was used as collateral on foreign deposits, from which it never collected accrued interest rates. In March 1989, Z18 billion was borrowed from the XVth Division of the PKO BP. In September of the same year, Z13.3 billion was borrowed from the Xth Division of PKO BP, and in November a further Z8 billion from the XVth Division of PKO BP.

Why would Mieczyslaw Rakowski have borrowed money for the PZPR in Moscow if two days before he brought it to Warsaw (on 10 January) he signed a decision to transfer more than Z9 billion to the Economic Agency established by the Central Committee? The Agency was under the proprietorship of the Political Bureau, and since May 1990 it has been owned by the SdRP. Its supervisory council at the time consisted of Leszek Miller, Ireneusz Sekula, Mieczyslaw Wilczek, Janusz Kubasiewicz, and Janusz Quandt (who later became widely known as president of Bank Przemyslowo-Handlowy in Krakow). The money came from the sales of a deposit worth $2.822 million. The PZPR lavishly paid out nearly Z1 billion to Leszek Ozeg, chief accountant for the All-Poland Trade Union Agreement. As of 4 January 1990, a total of Z50.5 billion—nearly $5.5 million—was spent.

The PZPR clearly did not suffer from a money shortage in those days. However, the problem was that there were means of monitoring the accounts from which the money came. It was therefore impossible to spend the money on special purposes.

Funds were needed by the newly established SdRP, which had to wait before it could access an approximate Z98 billion from the PZPR account at PKO BP. Is it possible that the loan Miecizyslaw Rakowski took was a sham? It would not be surprising if he had asked Leszek Miller to deliver only a receipt to Vershinin and did not actually return the loan. It was suggested that this was in fact not a loan but a favor that could not be refused. In this context, one may only speculate what the KGB officer and Leszek Miller talked about in Alganov's apartment. It is an established fact that, after this conversation, the remaining part of the loan never made it to Moscow.

Vershinin's role was thus not limited to bringing Mieczyslaw Rakowski Z500 million and $1.232 million in January 1990 and recovering a downpayment on the loan from Leszek Miller. Vershinin orchestrated the transaction from beginning to end. Both he and Alganov must have been aware of what the SdRP intended to do with the money that was brought in a suitcase. A memo written by Yanayev to Mikhail Gorbachev indicates that the KGB money was spent on the SdRP founding assembly and on launching the TRYBUNA daily. The sum of $200,000 was to be invested for profit. There are many indications that this money was also used to secure influence in the world of business and banking. The mechanism was simple. The money was loaned to trusted individuals in the form of "silent loans" and regained (with interest) in the form of anonymous payments submitted to the SdRP election campaign account. On 23 March 1990, the SdRP transferred Z1 billion to the Transakcja Trade and Industry Company and Z2.5 billion to Gravicot SA. Both companies were controlled by the social democrats. The money could not have come from the sales of 9.9 million Swiss francs that were deposited at the Xth Division of PKO BP (account number 207089-797-151-7) because it was changed into zlotys (Z62.6 billion) and transferred to the account of the chief council of the SdRP in the XVth Division of PKO BP (account number 1658-200312-131) only as late as 13 April.

When the whole affair of the Moscow money was publicized in 1991, Mieczyslaw Rakowski decided to protect the party he had just created against any suspicions. The testimony not only of Svetlov and Vershinin but also of Yanayev, Musatov (Falin's deputy), Shevchenko, and Sherbashin (deputy chief of the KGB) revealed that nearly the entire SdRP leadership of the time must have known about the money. Moreover, following a seminar on the fundamental economic activities of the leftists in East and Central Europe held by the SdRP in Warsaw in March 1991, everybody very well knew how such funds should be used. This was thoroughly explained in a secret resolution passed by the Secretariat of the PZPR Central Committee on 12 April 1991, entitled "On Cooperation Between the CPSU and Leftist Parties of East and Central Europe in the Field of Production and the Economy." The resolution contains the following passage: "Concurrently with taking advantage of legal regulations permitting parties to run their own companies, creating new economic structures formally unrelated to the party is a top priority. Therefore, party funds are to be used on a large scale for establishing private companies, on principles of mutual trust; foreign capital is to be attracted, and organizational forms allowing the 'alienation' of proprietors for political reasons will be applied." The SdRP already had several model companies and foundations running at the time, thus the Soviet comrades noted that their delegation "met with heads of major companies controlled by the SdRP."

Cooperation with satellite parties was formally overseen by the Foreign Department of the CPSU Central Committee. The majority of the cadres of this department, however, were full-time employees of the First Directorate of the KGB. After the dissolution of the CPSU, the operations of the department continued to be controlled from Lubyanka. When Vladimir Alganov recently stated at a press conference in Moscow that it was a coincidence he had followed Jozef Oleksy from Warsaw to Biala Podlaska, claiming his party had given him the task of coordinating cooperation between this town and Brest, he unintentionally confirmed the tasks of the Foreign Department and the First Directorate. After the Moscow coup, it turned out that the KGB was pulling all the strings and that the business activities defined in the resolution adopted by the CPSU Central Committee could be done only with the KGB. Anyway, could those involved on the Polish side ever had any doubts?

The scenario concocted by the Democratic Left Alliance, according to which Jozef Oleksy would be only an unaware informer, assumes that the whole affair can be hushed up, just like the case of the Moscow money was in 1993. Prosecutor Zbigniew Goszczynski, who was in charge of the investigations at the time, refused to sign a motion to repeal Leszek Miller's parliamentary immunity and then gave up the case. When the leftists won the elections in September 1993, the case was handed over to Prosecutor Janusz Regulski, who closed it on the grounds that it provided "a minimum risk to social safety." Regulski's superiors—among them Jerzy Zientek and Jerzy Labuda—protested that decision, although it had been sustained in court. They were backed by Krzysztof Lipinski, the head of the Prosecutor's Office of Appeal, and Waldemar Smardzewski, head of the Prosecutor's Office Department at the Justice Ministry. Zientek, Labuda, and Smardzewski were either dismissed or resigned. Zbigniew Goszczynski was promoted to deputy head of the Warsaw Prosecutor's Office.

A race is currently on between those who prepared the materials incriminating Oleksy and those who want to kill the case. An unprecedented thing happened: Zbigniew Sobotka, recently appointed to deputy interior minister, is alleged to have carried the materials out of the UOP building for several hours. The Polish and Russian comrades are hunting for the informer who supplied our intelligence services with the crucial materials from Moscow. Nobody has any doubts as to what will happen to him if the Russians track him down.

The problem right now is not whether the charges that have been brought against Oleksy are substantiated, but how many people from the SdRP leadership are involved. The number of casualties has to be kept low. This is why the founders and supporters of the SdRP organized a late-evening meeting on 5 January in Warsaw with those who know the most about the case. It is alleged that those closely associated with the social democrats are very well aware that Jozef Oleksy has said that, if he goes, he will not go alone. Because the identity of Olin has been revealed, why not disclose those of Minim, Kat, and the two other highly qualified information sources?

Sejm Questions General on Spying Allegations

LD1801001696 Warsaw Polskie Radio First Program Network in Polish 2100 GMT 17 Jan 96

[FBIS Translated Text] The special Sejm commission investigating the activities of state bodies in connection with accusations against Prime Minister Oleksy that he cooperated with a foreign intelligence service has today been questioning General Wiktor Fonfara, head of the investigation department of the State Protection Office [UOP]. Fonfara said that the material that had been collected in the matter of the alleged cooperation between the prime minister and a foreign intelligence service was sufficient for the prosecutor's office to start investigating the matter.

The conclusion was definite and serious, but the supplementary material that the prosecutor's office had applied for does not, in my view, substantially alter the nature of the material already available, Gen. Fonfara said. In his opinion, the supplementary material that reached the Supreme Military Prosecutor's Office yesterday is a response to certain doubts on the part of the Prosecutor's Office. Gen. Fonfara also confirmed the fact that he made available to General Sobotka, [deputy minister] of the Ministry of Internal Affairs, documents concerning the Oleksy affair. But, in his view, it was pure press speculation to suppose that these files had gone outside the ministry. Right now, the special commission is still questioning General Marian Zacharski, former adviser to UOP head Gromoslaw Czempinski. This is Elzbieta Lukowska for Polish Radio First Program.

[Announcer] After being questioned, Gen. Fonfara told reporters that 80 percent of the information published in today's edition of WPROST as regarding spying scandals in our country was true. But he did not wish to reveal which bits of the article he had in mind. He said he was subject to official secrecy.

Deputy Minister Denies WPROST Allegations

WS1801120896 Warsaw TRYBUNA in Polish 17 Jan 96 p 1

[Report by "DASZ": "Sobotka Denies"]

[FBIS Translated Text] Deputy Interior Minister Zbigniew Sobotka, asked about allegations made by the WPROST weekly that he could have taken materials on the so-called Oleksy case out of the ministry building for several hours, told TRYBUNA:

"The charge that WPROST brought against me was expressed as a supposition, which makes it difficult for me to pursue the case in court. I will see to it, however, that the case does make it to court. I did not take any materials out of the building. WPROST's charge is slander.

"It is true I have seen the materials submitted by [former Interior] Minister A. Milczanowski to the Supreme Military Prosecutor's Office. This was just after Christmas, when I was acting head of the Ministry of Internal Affairs [MSW]. But I wish to stress that these were not operational materials of the Office of State Protection. I have not seen the UOP materials because on 29 December Minister Konieczny took over the MSW and the entire case. How could I have not seen the materials if [chairman of the special Sejm commission] Deputy L. Pietrzyk had twice asked me, as acting head of the MSW, to supply the commission with documents? I was a legitimate acting head; therefore, how could I have not read the documents I sent outside? At least 40 people have seen them by now—members of the Sejm commission, the UOP officers who compiled them, prosecutors, judging by press reports, certain reporters and, finally, the majority of our citizens—because Minister Milczanowski revealed their contents in his Sejm address.

"I received these documents from UOP, and they were returned by the same channel after a period of time no longer than required to read the text. During that time I did not leave my office, let alone the MSW building. Anyone who thinks that documents marked as classified can be taken out of the MSW or UOP buildings must have read too many cheap spy novels.

"I am surprised that WPROST is accusing me of carrying classified materials out of the building considering that I saw many revelations contained in those 'classified' materials in the press just before Christmas. That is why on 22 December I instructed the UOP chief to institute investigative procedures so as to identify the sources of these inadmissible leaks."

Brzezinski on Polish Foreign Policy, Oleksy

WS1701151096 Warsaw RZECZPOSPOLITA in Polish 13-14 Jan 96 p 6

[Interview with Professor Zbigniew Brzezinski by Slawomir Popowski; place and date not given: "How Far Will the 'Red Wave' Reach?"]

[FBIS Translated Text] [Popowski] In the postcommunist countries, the "red wave" is rising again. Poland is quoted as an example. Now on top of this there is also the issue of espionage charges that have been leveled at the Polish prime minister. How has this been received in the West?

[Brzezinski] First and foremost, a line must be drawn between what is happening in some countries of Central Europe and what we can observe in the former Soviet Union. In fact, the wave that is taking over power in Moscow is perhaps not really "red," but "red and brown." This may have profound and dangerous political implications. Now, as for the situation in Hungary and Poland, I would prefer to call it a "pink wave." After all, unlike the Russian communists, the Polish and Hungarian left-wing politicians have—so far at least—not been proposing a return to the past, and they are not so deeply soaked with utopian-ideological conceptions. As far as Poland is concerned, its evaluation in the West will largely depend on actions taken by the postcommunist elite, which has taken all of the power in Poland. In the current situation, this is primarily related to the allegations leveled at Prime Minister Jozef Oleksy, as well as to the problem of appointments in strategically important ministries.

[Popowski] Let us stay with Polish affairs. How greatly do you think the scandal caused by the allegations leveled at Prime Minister Oleksy will influence the West's attitude toward Poland?

[Brzezinski] I can assure you about one thing: This issue is being very closely followed in Western capitals; there is, at the same time, great caution and understanding of the delicacy of the situation in which the authorities in Warsaw have found themselves. No one wants to exert direct influence on Warsaw; however, the final solution of this difficult problem will be very important to Poland and will largely determine Aleksander Kwasniewski's presidency in the eyes of the West. I believe that, in the current situation, the least the prime minister ought to do is to take leave until the allegations that have been leveled at him are clarified.

One more thing: I believe that the accusation that this is Lech Walesa's political provocation is out of the question. This would be justified only if the accusations leveled at Jozef Oleksy had been made known at least before the end of the elections. It would be simply completely nonsensical to dredge up some accusations a few days before vacating office.

There is also talk about the possibility of a Russian provocation or a provocation on the part of the services linked to intelligence. Now, if this is borne out, Oleksy should not only return to his office, but he should also hear words of sorrow and respect—of course, if his conduct during the process of clarifying the circumstances of this scandal is in line with the national interests, which I am counting on.

[Popowski] According to one version, the entire affair was a manipulation of the Russian special services, which wanted to discredit Poland and prove that it is not a stable country. In this way, they wanted to impede its efforts to join NATO, which was and still is one of the main goals of Russian policy.

[Brzezinski] This cannot be ruled out. However, a question arises whether this justifies all of the things that—allegedly—happened starting in 1983 and that were mentioned in the allegations leveled by [former] Minister Andrzej Milczanowski. In other words, there still remains the following problem: to what extent his [Oleksy's] relations with a representative of a foreign intelligence service suited the position of a statesman.

I want to stress one thing, however: At this moment, the most important thing is for the entire scandal to be completely and convincingly clarified. If this does not happen, I am afraid that the newly elected president will not be the only one to lose out—this will be, most of all, highly detrimental to Poland. Such an argument will most certainly be used by Western opponents of NATO expansion, let alone by Russia itself, which is skillfully taking advantage of Western public opinion.

[Popowski] You have mentioned NATO. Here is an opinion that is frequently voiced in political circles linked to the Democratic Left Alliance: We should be more submissive to Russia, we should aim to develop increasingly better relations with Russia, even if we have to pay a high price for that—this is because only in such a case do we stand a chance of being admitted to NATO. If Poland is in conflict with Russia, it will have zero chance. What do you think of this?

[Brzezinski] I believe that this approach is oversimplified, which does not mean that it is totally wrong. I myself often argue that Poland's efforts to join NATO should not be based on arguments that stress a great threat on the part of Russia because I believe that such a danger does not exist yet. What should be stressed is the necessity of taking advantage of the great historic chance—the possibility of a greater Europe that would be institutionally linked to America. Such an opportunity came along after what happened in 1989 and 1990, and it must not be wasted.

I do not think it is wrong to try to develop good relations with Russia—on the condition, however, that we always keep in mind that these efforts should not mean Poland's agreement to enter some sphere of influence in which Moscow might use its veto right.

At this point, I would like to refer to a very topical issue. I wish President Kwasniewski all the best. He was not my candidate, but he was elected president. I know that he is an intelligent and reasonable man. Kwasniewski stated—and I would like to believe him—that he would be the president of all Poles. Therefore, it is an extremely important thing for him to differentiate political interests and motives from the superior interests of the Polish state.

Unfortunately, party interests prevailed, for example, in the issue of appointing the new head of the Ministry of National Defense. In this situation, the importance of the idea of the National Security Council slightly decreases because it is beginning to resemble the organ that was once set up by Wojciech Jaruzelski. Things would look different if offices that are most closely linked to state interests had been assumed by truly independent people. Therefore, I am afraid that President Kwasniewski has already lost a big opportunity to present himself as the president of all Poles. I am sure that in the United States the American Polonia will receive this with great concern. This, in turn, will have an effect on the attitude of Bill Clinton to the new president.

Two weeks ago, when I returned from Warsaw, I held many discussions at the highest level, during which these issues were constantly discussed and great hopes were pinned on President Kwasniewski's statement that he wants to pursue a policy supporting the interests of the Polish state, a policy above all political divisions. These hopes have not been fulfilled yet.

[Popowski] Some people claim that we have already had our five-minute period in history and that this capital has been frittered away. Do you share such opinions? If not, what advice would you give to our politicians to try to prevent them from wasting the opportunities that Poland has today?

[Brzezinski] My answer will most certainly not be very popular. Let me start with the following remark: Please, look without any prejudices at what happened in the Czech Republic after the totalitarian system was overthrown. The Czechs were consistent and they adopted a new Constitution and passed a new Electoral Law relatively quickly. They settled accounts with the communist past quite reasonably, by condemning it and by terming the previous regime a criminal one; however, at the same time they did not have any purges. They unequivocally specified the direction of Czech policy and were able to elect both a president who was very intelligent and knowledgeable and a prime minister who was efficient in his actions. This should start us thinking. I am afraid that what happened in Poland largely resulted from the fact that, in these few areas, Poles failed to do all the things that could and should have been done—as the Czechs did in their country.

[Popowski] Meanwhile, in Poland the postcommunist camp is victorious.

[Brzezinski] I think that the successes of the Polish postcommunists to a certain extent sprang from the fact that many people in Poland have grown disappointed at the effects of the transformation processes. I believe that, on the one hand, this is a consequence of excessive hopes that people had at the beginning, and, on the other, a consequence of insufficient involvement of the West. Finally, one can also speak about a certain social backwardness; I believe that it is quite characteristic that people with poorer education and those living in backward regions of Poland tended to vote for the winner rather than for the defeated candidate.

Also, we must bear in mind the mistakes made by the previous president, who failed to seize the opportunity to set up a lasting political base and preferred to carry out a policy of constant maneuvering. Unfortunately, as time went by, this caused many people to turn their backs on Walesa and weakened the significance of his legend.

Let us not forget, however, that the postcommunists won the last elections with a narrow margin. Thus, if Kwasniewski decides that he wants to take advantage of the great historic chance he has now, if he wants to make a good president, he will have to broaden his political base and win over a majority, which would support him not only because he rejects his rival. If he decides to take this step, then even though I represent an entirely different political orientation, one that looked upon the issue of independence as the most important thing, I will wish him all the best—if only he manages to break free from his surroundings and aim for some kind of an all-national presidency.

[Popowski] What tasks do you think the opposition ought to have, then?

[Brzezinski] The opposition must be intelligent and organized; it should not be a club of quarreling rivals. It is totally absurd that before every elections the Polish right wing persistently commits collective political suicide. The right wing is supported by at least 20 percent of the voters, but its representation in the Sejm is practically none. Moderate groups, in turn, particularly the Freedom Union, which consists of people who are really intelligent and who have rendered great services to the country, must eventually become a truly disciplined party. It must become a party that would be able to speak in a constructive way and that would be able to attract at least that part of the society that can already see a future for itself in the ongoing transformations. This is the basis of a future victory. Otherwise, the present opposition will lose its historic chances for a long time.

[Popowski] Let us revert to the "red wave" and to what is going on in Russia: Boris Yeltsin has nominated the head of the intelligence services as minister of foreign affairs. What is your evaluation of this decision?

[Brzezinski] I have known Yevgeniy Primakov personally for a long time now. Two and a half years ago he hosted me in Moscow, at which he was already head of the foreign intelligence services. As I see it, Primakov is a man who has very clear-cut opinions; his approach is basically anti-American. He believes that Russia should implement a conscious policy involving not only reconstruction of its superpower status, but also undermining the global status of America and avoidance of direct tension. Aside from that, he stresses the necessity of reconstructing some kind of internal empire by gaining more political control over Slavic countries that are currently independent—that is, Belarus, Ukraine, and, to a certain extent, Kazakhstan. I think that all of this should be a bucketful of cold water poured on the heads of various Western romantics, especially those in Washington, who have for years now been propagating a thesis on strategic partnership between America and Russia. The time has come to think seriously about the changes made in Russia and to draw conclusions from this.

[Popowski] In many statements an opinion is voiced that the appointment of Primakov as Andrey Kozyrev's successor is some kind of an attempt Yeltsin is making at courting the communist electorate. In reality, the president is employing the same tactics he already tried out after the elections in December 1993, when he took over quite a lot of the slogans that were then being used by the nationalists. How dangerous is this today?

[Brzezinski] This is dangerous. I even dare say that the opinions you have just quoted are well-grounded. This is also one of the factors that resulted in Primakov's appointment. The new head of the Russian diplomatic services supports the development of close relations between Russia, on the one hand, and Iran and Iraq, on the other; he has been recommending this consistently for a long time now. This is of direct importance to Central Asia—for example, because it immediately poses a threat to the independence of Azerbaijan, which, in turn, is not unimportant to the interests of the West. Apart from this, Primakov is intent on tightening Russian-Chinese cooperation. I can see the beginning of creating a new external strategy in all this, regardless of the internal aspects you mentioned in your question.

[Popowski] Primakov will be using a different rhetoric; most certainly his policy will be much tougher and firmer than Kozyrev's was. Nonetheless, the goals the new foreign affairs minister will want to accomplish are essentially the same as those that have been pursued so far.

[Brzezinski] I partially disagree with this. Kozyrev was a genuinely Western-oriented and democratic politician. I know him personally and I have no doubts about this. We worked together during an acute crisis in Russia, when everything was hanging by a thread, so I managed to work out an opinion on his personality and character. It is true, though, that Kozyrev attempted to sit on two perches and tried to stay in power by courting the supporters of nationalist groups and parties using the superpower image of Russia. Primakov is not in such an internal conflict. As a result, he will be more unequivocal, which means that his strategic policy will most probably be more consistent.

[Popowski] Among Western experts, you are the main representative of the philosophy whose advocates appeal for a serious treatment of Russia and who at the same time propose that the Western policy toward Russia be much more adamant and firm. Do you think that, after the recent changes in Russia, politicians will be more open to your arguments?

[Brzezinski] My arguments will not be very popular. I believe that changes in Western policy will be slow. After all, it is much easier to pursue a policy based on wishful thinking [last two words published in English] and to base one's actions on it. However, in this case we witnessed such fundamental changes that it will be difficult to ignore them. I believe that Primakov's orientation will have to bring about some concern.

[Popowski] Do you not think that the philosophy that was earlier presented by Strobe Talbott has now definitely lost?

[Brzezinski] Yes, I believe it has lost. Last summer he himself drew up a will for his own policy by publishing an article in which he recommended the consistent expansion of NATO. Aside from this, for two years now the United States has basically been implementing a strategic policy that I recommended and that I termed as a "strategy of geopolitical pluralism" on the territory of the former Soviet Union. I understood this concept as consistent provision of support to the independent states that came into being after the collapse of the Soviet Union, but without enmity toward Russia. The goal was not to focus exclusively on Moscow and not to ignore Russia's attempts to recreate its empire.

[Popowski] What should an effective policy toward Russia involve?

[Brzezinski] I believe that it should be based on several fundamental principles. First, if Moscow wants to be treated seriously, what it must focus on is not regaining a superpower position in the world but on internal modernization. Otherwise, Russia will remain a backward country of the Third World, even though, of course, it will be dangerous. Second, ties to the communist past must be definitely severed. Even symbols have their significance here. The mausoleum of one of the biggest murderers of the 20th century is still standing in Moscow. Would we have really believed in the changes that have taken place in Germany if a great mausoleum were standing in Berlin to honor Hitler? Third, it is necessary to be consistent in providing assistance to the independent states. I believe that two countries are playing a key role here: Ukraine and Azerbaijan. Ukraine because the very fact that it is functioning as a sovereign state deprives Russia of imperial characteristics, and Azerbaijan because it is in fact the key to the region of the Caspian Sea and to Central Asia. Moscow would like very much to keep this key exclusively for itself—among other things, by cooperating with Iran. I think that Primakov's role here may be dangerous indeed. And finally, fourth, consistent and concrete steps are needed toward the expansion of EU and NATO; I would like to add that the latter organization should be first to expand—for example, because contrary to what may appear, this is easier.

[Popowski] In one of your statements you put forward a thesis that seems rather farfetched. You stated that, if Poland had to choose between NATO expansion and the independence of Ukraine, it should opt for the latter.

[Brzezinski] It absolutely should. Of course, this is a purely hypothetical assumption, but it stresses the great geopolitical importance of an independent Ukraine. Let me reiterate what I said earlier: Without Ukraine Russia may be a national superpower, but it will not be an empire that might pose a direct threat to Poland. To make a long story short, the independence of Ukraine is one of the basic conditions of Poland's security, and Polish politicians should always keep this in mind.

Article Views Reasons Behind Not Firing Wilecki

WS1701142296 Warsaw ZYCIE WARSZAWY in Polish 10 Jan 96

[Article by Luiza Zalewska: "Fit General, Ailing State"]

[FBIS Translated Text] Why have the postcommunists left General Wilecki in office? Because they want peace or because the chief of the General Staff can ensure a "proper" course of the Oleksy case?

There are all signs that the postcommunists will eat their hats if they recall Tadeusz Wilecki from the office of chief of the General Staff.

This also refers to Presidential Chancellery head Danuta Waniek, whom Wilecki once kept standing in the rain and forced to obtain a pass to enter the general's territory; Sejm Defense Commission Chairman Jerzy Szmajdzinski, who until recently would gnash his teeth hearing the name of the "first soldier of the Polish Republic"; and National Security Bureau Chief Jerzy Milewski, whose head was demanded in Drawsko [place in the spring of 1995 where former President Walesa met with generals demanding dismissal of the defense minister and others] by top commanders, with Wilecki in the vanguard.

The new president has decided to take over the Army without any reservations, though Wilecki himself did not believe this to the end. He panicked for a moment (and it happened five days after the elections) and let his robust health spoil. Generals would report with fear in their eyes: "The thrombosis will reach the heart at any moment."

Some of them even muttered about the third grade of disability and retirement of the owner of officer ring No.1 but to no avail—the general recovered.

It was not difficult to do so because Wilecki had already had experience in such illnesses. For the first time, he hid a year ago, when deputies attempted to unravel the Drawsko affair. Following this, he immediately recovered, as in the current case.

Now it is clear that the general simply does not have to retreat in panic. The Democratic Left Alliance [SLD] wants to leave him "in the chair," and this can be explained differently.

First, the point is peace. Political turmoil is under way: The Polisa affair, the president's master's degree, and particularly the Oleksy case have rocked the foundation of the state enough so that there is no need to replace the top commander. "The Army needs peace," says the new defense minister. Particularly, it needs peace because a strong guard stands behind the proud general (during the past few years appointments to key posts in the Army have depended on Wilecki), which may prove to be a significant force, and whom it is better not to give an opportunity to take the floor.

The experience from the times of the Drawsko affair taught the SLD that the General Staff chief can easily mobilize the Army's "masses" in case of threat. It was the scared postcommunists who whispered in the Sejm corridors a year ago (and [former defense minister] Piotr Kolodziejczyk officially confirmed it) that when clouds were gathering over Wilecki's head, special instructions as to how the Army should behave and organize if the chief had problems were sent to the units.

It is unclear whether the second scenario is more alarming or not: Wilecki has retained his office because he is able to ensure a due development of the Oleksy case. It is in Wilecki's hands where two instruments entirely sufficient to dismiss the proceedings rest.

The military special services are completely subordinated to him, and they have just submitted a report on the scope and methods of the Russian and former USSR special services to the Military Prosecutor's Office. After all, information that the KGB did not search for agents among prominent activists of the Polish United Workers Party or those sent to the provinces could have been enough for the Prosecutor's Office. Then it would have been easier to deem the accusations against Oleksy absurd.

The second instrument is the Military Prosecutor's Office, comprising active officers, itself. Although this accusation questions the impartiality of prosecutors, the past few months and [justice minister] Jerzy Jaskiernia's methods have been able to disperse all of our illusions about this matter.

In this situation, one has to admit that leaving Wilecki in office would be an appropriate price. Kwasniewski will certainly pay for this because he will lose some support from military personnel, who generally voted for the postcommunist during the latest elections. However, Kwasniewski can still afford this loss of votes because the SLD is not in danger of any immediate elections, and particularly because a loss of several thousand votes means nothing compared with a loss of the party's face and honor.

The SLD will lose face anyway because it no longer can find any justifications for leaving the main character of the Drawsko dinner in office. The Army is still led by a general who voted against his chief, notwithstanding the main rule of civilian control over the Army.

The Army will lose something, too. Leaving Wilecki in office, with whom it is hard to find the virtues of loyalty and faithfulness (which he recently proved by saying "The king is dead, long live the king!"), regardless of the rings with which he awarded himself, will further demoralize the troops. And morale is the most important thing for a soldier.

It would be better for the ruling team if there were no need to accuse it of weakening the state's defense capabilities. The current accusations are enough.

Sejm Speaker Zych Interviewed on Oleksy

WS1801085896 Poznan GLOS WIELKOPOLSKI in Polish 30-31 Dec 95 -1 Jan 96 p 3

[Interview with Polish Sejm Speaker Jozef Zych by Wlodzimierz Braniecki and Jaroslaw Piotrowski at the GLOS WIELKOPOLSKI premises on 29 December 1995: "We Will Explain to the End"]

[FBIS Translated Excerpt] *On the last Friday of 1995, GLOS WIELKOPOLSKI hosted the speaker of the Sejm of the Polish Republic, Mr. Jozef Zych. GLOS WIELKOPOLSKI was represented by Marian Przybylski, president of the GLOS WIELKOPOLSKI publishing house, Barbara Grzegorzewska, Wlodzimierz Braniecki, Leszek Gracz, Wojciech Nentwig, Andrzej Piechocki, and Jaroslaw Piotrowski.* [passage omitted]

[Braniecki] Let us proceed to hotter issues. In your view, do you think the prime minister should continue to remain in office until all charges are explained?

[Zych] It is easy for me to answer, because the prime minister has decided to take his annual leave.

[Braniecki] Will it be long enough to explain the case?

[Zych] I have no idea. I think that in this complex situation the prime minister has made the right decision.

[Braniecki] Before the Christmas holiday, however, he said something different...

[Zych] I would not be surprised by that, because he has found himself in an extremely difficult situation.

[Braniecki] Shouldn't the prime minister simply step down?

[Zych] I will not answer this question because in my situation it is difficult. I would not be impartial. Let us drop this subject. Moreover, I think that in January the case will be closed.

[Braniecki] Why has the extraordinary Sejm committee been created? What can it do? What are the relations between the committee and the prosecuting institutions and the entire administration of justice?

[Zych] A certain problem arose: If one should come to some agreements, then the committee must have investigating powers to call and hear witnesses. Sejm regulations, however, do not provide investigating powers for permanent committees. Therefore, the idea was developed that the permanent committee for special services would be broadened with representatives of all caucuses to form a special committee.

[Braniecki] The Democratic Left Alliance (SLD) tried to break those agreements.

[Zych] A problem of the 13th member arose, and it threatened us with grave consequences, because if the Sejm had failed to set up a committee, then its credibility would have been lost. Hence, I pointed in the Sejm at those who broke the previous agreements, and protests followed from the SLD benches.

[Braniecki] Yet the opposition caucuses had some doubts about the conditions in which the committee was to work...

[Zych] Therefore I issued a statement that I would closely cooperate with the committee and take part in its meetings. This argument was accepted.

[Braniecki] What will the committee's work end up with?

[Zych] The investigation is under way before state institutions. In the meantime, very serious charges have been brought against the special services: that they engineered a provocation, violating the law at the same time—as if to meet somebody's wishes and expectations. Thus, the committee is to examine how these materials were gathered; who, when, how, including the accompanying recent events. The work will be difficult. I was asked what would happen if it was necessary to assess certain documents. I responded that I would consider a possibility of calling experts. The conclusion will be whether the state institutions violated the law, and how could this situation have arisen.

[Braniecki] Someone may say that it is putting the cart before the horse. It is the prime minister who is accused, after all...

[Zych] The committee is examining the correctness of the investigation, and I know that the committee members are interested in a full explanation of the case; the composition of the committee safeguards impartiality. Besides, it is the first case of parliament controlling the special services in our history. If someone is suspected of having committed a punishable deed, he will surely go to trial.

[Braniecki] To what extent can the Office of State Protection [UOP] keep the prime minister and the president under surveillance?

[Zych] These matters are settled, from a legal point of view, for all citizens. I am convinced that if leading state politicians are suspected of having committed a crime, then one should first forewarn of such suspicions and not collect materials for a couple of years. This needs to be explained quickly.

[Braniecki] When did you learn about the Oleksy case?

[Zych] I learned about bringing the case to the Prosecutor's Office at the meeting with the president. I will not talk about the details because I think it is a state secret. Some people are disclosing secrets, I am not going to do that. I would like to stress: I have not dealt with any source materials whatsoever.

[Braniecki] But the Cabinet spokeswoman admitted they knew something was brewing...

[Zych] People talk about many things but it is different from the official information.

[Braniecki] We wrote in our editorial that there might be three options for this event: the prime minister's guilt, his innocence, or watering the case down. Does not the last, probably the worst option, threaten us?

[Zych] I am not apprehensive regarding a clear settlement of the case. The case will not be watered down. There are appropriate documents and they will be honestly assessed. It is in the interests of the state to explain this case to the end — in line with the law. Otherwise, a lot of damage could result.

[Braniecki] Can the prosecutor general make the investigation harder?

[Zych] I cannot see such a possibility, and I talked on this subject with [Justice] Minister Jaskiernia. Apart from this, we have a committee with opposition members in it.

[Braniecki] What way should the state overcome the crisis?

[Zych] I will say brutally: it is in the interests of the state, parliament, and me — personally — to explain the case to the end. And I will see that the case is explained.

[Braniecki] This matter has dominated political life. How is it going to influence the Cabinet's stability?

[Zych] We have various scenarios. Now, I can say that after Thursday's hectic and difficult meeting with the coalition, I do not predict a coalition crisis in the near future. Nevertheless, there are international repercussions. I have heard the reactions; my meeting with the chairman of the European Parliament was even considered. Then there is the issue of NATO. Today, I can say, the parliament has the situation under control and everything will be explained.

[Braniecki] Public opinion, however, differs on the issue.

[Zych] You know very well that we are dealing with a very profound split in society. At the same time, I have noted that the Church hierarchy finds it hard to put up with.

[Braniecki] The Church hierarchy... put up with what...? The recent situation?

[Zych] No, no... The situation related to the elections. If we want the situation not to worsen, not to cause further destabilization, then the most important thing is to explain, cut things short and hold the guilty responsible. Otherwise, we'll never get out of this. We would not be credible. Thus there woukld be a series of commentaries about whether it was perhaps somebody else who masterminded this scenario. Not everybody is happy that we are heading so eagerly both toward the European Union and NATO. Therefore, these contexts also will be examined by the Sejm extraordinary committee. [passage omitted]

[Braniecki] How do you assess — from your post, that of a political leader who does not participate in political games — the Polish political stage? What is awaiting us in 1996 after the hectic political struggle in the second half of 1995?

[Zych] It is hard to deny that the impression is — and often mentioned — that Poland is actually threatened with a certain inertia of executive power. Executive because parliament has not been affected thus far.... On the contrary, a poll shown to me yesterday indicates that the role of parliament is increasing: from 35 percent support at the beginning of March, to 60 percent recently.

[Braniecki] Are these the poll's results?

[Zych] Yes. I granted an interview for TV yesterday, and I was asked what I thought of the poll's results. I responded that I did not see anything unusual. One needs to provide evidence that parliament is working even in the most difficult moments. It undertakes the most difficult problems. Society may have some objections — to empty rooms, to different things — yet it can see that this is the place where people are working. How many acts have we passed without a single "nay." And this is the proof that everyone is engaged in this work. It means that parliament has not been affected by this crisis. Please note that no one has brought a charge that we engaged in the presidential campaign. Yet, it is not difficult to see that we are entering 1996 in deep political crisis, mainly because of the charges made recently against leading representatives of our nation. [passage omitted]

Labor Minister Complains of Newspaper 'Lies'

LD1701192996 Warsaw Polskie Radio First Program Network in Polish 1400 GMT 17 Jan 96

[FBIS Translated Text] Leszek Miller, the labor minister and member of the leadership of the Social Democracy of the Polish Republic [SdRP], has said that he has notified the prosecutor's office about an offense committed in connection with the publication by the weekly WPROST today of what is, in his opinion, untrue information concerning, among other things, a loan granted by the CPSU to the Polish United Workers' Party [PZPR].

Minister Miller said that the article contained a number of lies. Among other things, it was not true that he had allegedly visited [KGB Colonel Vladimir] Alganov's apartment to return part of the loan. According to Miller, the fact described by WPROST that part of the loan had never been repaid to Moscow was not true, either. Miller said that the entire amount had been repaid and that the press had reported the fact. In his opinion, it is not true that the issue of the Moscow loan was hushed up at the time, that is two years ago, because Leszek Miller himself, in November 1993, presented documents that the case had been discontinued in accordance with the law, as there was no justification to continue with it. Miller said that the court would not have any problems with the passing of a ruling in this case. He recalled that ZYCIE WARSZAWY had to apologize to him for publishing similar information.

Internal Problems of Peasant Party Analyzed

WS1601100496 Warsaw GAZETA WYBORCZA in Polish 15 Jan 96 p 3

[Analysis by Dominika Wielowieyska: "Why Does the PSL Have a Weak Political Card?; The PSL's Many Heads"]

[FBIS Translated Text] *The Polish Peasant Party [PSL] has become the object of everyone's desire. The Democratic Left Alliance [SLD] wants to remain its coalition partner. The opposition has approached the peasants with a suggestion for forming a joint cabinet. The PSL — divided into small informal factions — is finding it difficult to take advantage of the situation.*

The Freedom Union and the Union of Labor approached the PSL with a suggestion to form a new coalition, which would also include the rest of the opposition parties. PSL has not replied to this offer, claiming that the Oleksy case has to be explained first.

SLD After All

For the time being, the PSL is placing its bets on the SLD. The most recent deal between the coalition left both parties satisfied. The SLD approved Stanislaw Dobrzanski, who was PSL's candidate for defense minister. The PSL had criticized SLD Justice Minister Jaskiernia, but defended him in the Sejm.

The PSL wants to reclaim its strong position. After all, it lost the office of prime minister. Their leader did very poorly in the presidential campaign. The party is not ranked very high in opinion polls. That is why the peasants covet the premiership. They believe that the SLD is willing to sacrifice this post for the sake of retaining the coalition in its current shape. The PSL keeps on telling Jozef Oleksy's party colleagues: The opposition has suggested that we form a cabinet together, so if you want us to stay, you have to make us an interesting offer.

The PSL's Problems With Making a Decision

Meanwhile, SLD politicians do not believe Pawlak's party will really decide to change the coalition. The PSL has a lot to lose: Sharing power with just one partner is one thing, splitting it with two or more is quite different.

The PSL is very conservative and finds it extremely difficult to make breakthrough decisions. This is best illustrated by PSL Chairman Pawlak's history: Ever since the presidential elections his critics have been trying to oust him as head of the party and head of the parliamentary club, so far to no avail.

Thus, it is possible that even if Oleksy resigns, he might be succeeded by someone from the SLD. The PSL is weak internally. It has neither a chairman enjoying the full support of its members, nor a candidate for prime minister they could all agree on.

The Faces of PSL

The peasants greatly respect Sejm Speaker Jozef Zych, but his priority is the parliament, and the party comes second. He promotes his own image of a mediator. He likes to deliver televised addresses just like the prime minister and president. He hates making party decisions. When just before Christmas the Chief Council failed to pass a vote of confidence in Waldemar Pawlak, Zych — as chairman of the Council — was to dismiss him in line with an agreement reached by the PSL chairman's opponents. Instead, he adjourned the Council session. The next meeting is to take place at the end of January.

Pawlak — the chairman who does not enjoy the trust of the Council — is yet another weak leader. His opponents have established a special commission which is to investigate the management of party funds during his term in office as chairman. Pawlak himself has no intention of backing out of the game. Off the record, PSL deputies claim that Pawlak often changes his views, claiming that he will not step down as the party chairman only later agree to step down on the condition that he will be appointed prime minister in the new government (even though it is obvious neither the SLD nor the opposition would agree to that).

Another PSL politician mentioned as a possible candidate for the post of prime minister is Senat Speaker Adam Struzik, considered to be a supporter of Pawlak. Apart from that, he has not made a strong impression in the world of politics.

Deputy Prime Minister Roman Jagielinski also does not have a strong position in the party. One of the party's top leaders, he barely made it through a vote of confidence held by the Chief Council. Jagielinski's staunchest opponents are the so-called petty farmers who criticize him for favoring huge farms.

Deputy Prime Minister Aleksander Luczak is considered to be too soft with the SLD, and the peasants claim that his chief goal is to secure the seat of prime minister — not for the party, but for himself.

Representatives of the other parties complain that nobody knows who to talk with in the PSL anymore; whatever is agreed upon with one activist is questioned by another. Unless PSL politicians agree on what they really want and who is their leader, they will be unable to form a new government or change the distribution of power in the current coalition.

Foreign Currency Regulations Liberalized

LD1701174096 Warsaw Polskie Radio First Program Network in Polish 1300 GMT 17 Jan 96

[FBIS Translated Text] Grzegorz Kolodko, deputy prime minister and finance minister, has signed an ordinance to liberalize foreign currency regulations. The ordinance is to come into force on 1 February. It introduces a number of foreign currency permits for individuals and companies.

Deputy Finance Minister Krzysztof Kalicki has said that, apart from the right to free export from Poland of the sum of up to 6,000 dollars, which was introduced recently, we also now have the right to pass on to family members abroad gifts, including allowances, dowries, and inheritance. Deputy Minister Kalicki has also said that we are now being granted the right to buy property abroad.

[Begin Kalicki recording] We will be able to give loans to family members abroad. We will be able to make gifts to them up to the amount of 10,000 ECU [European currency unit]. Also in case of inheritance, the transfer of money will be allowed. Buying property abroad worth up to 50,000 ECU per person resident in Poland will also be allowed.

We are also liberalizing capital transfers for economic entities. In other words, it will be possible to make direct investments abroad of up to 1 million ECU. Portfolio investments will also be possible up to 1 million ECU, including so-called instruments which mature not earlier than after one year, that is, in this case, treasury bonds which are issued by foreign governments and also stock market bonds which mature not earlier than after one year. [end recording]

Interior Minister Outlines 'Revolutionary' Reforms

WS1501135596 Warsaw ZYCIE WARSZAWY in Polish 11 Jan 96 p 3

[Report by Anna Kacperska: "Necessary Reforms?"]

[FBIS Translated Text] *The new head of the Ministry of Internal Affairs [MSW] presented several revolutionary projects to the Sejm yesterday [10 January]. Transforming the Vistula Military Units [NJW] into a National Guard, removing the secret services from the MSW, establishing a contractual police force, and reforming the Border Guards so that they would resemble the police — such are Jerzy Konieczny's plans. He has also announced that he will combat crime which, despite Oleksy's promises, has continued to grow for a consecutive year.*

Interior Minister Jerzy Konieczny wants to introduce new order in the MSW. He presented his plans to the Sejm Commission for Administration and Internal Affairs yesterday, accompanied by his deputies Anklewicz, Sobotka, and a grim Zimowski — who is to leave the MSW soon.

The NJW are to be transformed into a National Guard. "A large part of the NJW is currently being inadequately employed," said Konieczny. The minister dreams of giving the NJW the same prerogatives the police has. "They could then take over some tasks from crime prevention units."

The idea of changing the NJW into a National Guard is not new — the project was presented in 1992 by representatives of the MSW, the National Security Office and President Walesa. It was suggested at the time that the Guard be subordinated to the president. The majority of political parties were against this. Labor Union [UP] Deputy Artur Smolko expressed his surprise as to why the coalition was currently so enthusiastic about the project. Konieczny did not say whether the National Guard would be subordinated to the president or the prime minister.

UOP on the Sideline

The next change would be removing the secret services from within the MSW. However, the interior minister refused to say whether they would be subordinated to the president or the prime minister. He admitted that when the project surfaced during the Olszewski and Suchocka governments, he advocated their subordination to the prime minister.

"The Office of State Protection [UOP] cannot be allowed to evaluate its own operations; it must be controlled from outside," claims the interior minister. He thinks that the UOP's tasks should also be formulated externally.

Chairman of the Sejm Commission of Internal Affairs Zbigniew Bujak of the UP fiercely reacted to the projected changes in MSW. "This is a very bad time for carrying out such reforms. We object." Bujak claims this would interfere with the investigation of Oleksy's case.

Konieczny assuaged the deputies by saying that, for the time being, he was only "considering" changes. He took the opportunity to report that on Tuesday [9 January] he had appointed Colonel Andrzej Kapkowski head of the UOP counterintelligence. Kapkowski formerly served as a deputy to Konstanty Miodowicz, his predecessor. Konieczny also intends to introduce a more "police-like" structure within the Border Guards by widening their prerogatives, and wants the MSW to take over civilian defense from the Ministry of National Defense.

Good Will One Thing, Crime Another

The new interior minister announced that his top priority is lowering the crime rate. One of the methods of achieving this would be the creation of a "contractual" police force permanently assigned to specific city districts. He also intends to change the functions of constables.

Konieczny will not have it easy; a report presented yesterday by [Chief of Police] General Stanczyk at the Office of the Council of Ministers was chilling. Despite the fact that one year ago the Oleksy government targeted the safety of Polish citizens as a top priority, the crime rate in 1995 grew. As much as 976,000 offenses were committed last year (90 percent of which were criminal). Their number grew by 7 percent as compared with the previous year. Armed assaults grew by one half (1,500), car thefts — by a fifth (50,000). The number of robberies and extortions also grew (by 14 percent). Bomb attacks were contained — the police intercepted, among others, 154 kg of explosives, several hundred guns and 25 grenades. The most unsafe voivodships were, as usual, Warsaw and Szczecin.

By way of consolation, Stanczyk added that since last October the police successfully employed all the new methods provided for in the police laws: They used sting operations for mail, purchases and bribery, as well as tapping conversations and using surveillance on a wider scale. The majority of these operations were reported to have been carried out successfully. Stanczyk did not reveal any further details.

Officials Discuss Defense Industry Restructuring

AU1701204696 Bucharest Radio Romania Network in Romanian 1400 GMT 17 Jan 96

[FBIS Translated Text] The Chamber of Deputies Defense Commission held a meeting today with the secretary of state in the Ministry of National Defense, Division General Florentin Popa, head of the department in charge of army equipment and logistics.

According to the Defense Commission president, Deputy Petre Roman, it was a preliminary meeting before the coordination commission of the defense production sector—established through the law on protection of assets and personnel in the defense industry—will begin its activity.

During the meeting, aspects related to the restructuring of the defense industry, the technical equipping of the army through international cooperation, as well as the proposal of the commission to supplement the defense budget for 1996 were discussed.

Also today, the Chamber of Deputies subcommission for defense industry met with the directorate of the ROMTECHNICA public corporation. The discussions focused on the export-import balance sheet.

'Sources' Say PD's Roman To Run for Presidency

AU1701214396 Bucharest ADEVARUL in Romanian 11 Jan 96 p 2

[Report by Constanta Corpade: "Petre Roman—A Candidate for Romania's Presidency"]

[FBIS Translated Text] On Tuesday [9 January], in the capital city, while the USD [Social-Democratic Union] was declaring the electoral campaign open, the local PD [Democratic Party] leaders in Hunedoara announced the name of their candidate for the country's presidency. "During a recent tour in Hunedoara County, Mr. Victor Babiuc, vice president of the PD, stated that the party wishes and will ask Mr. Petre Roman to run for Romania's presidency. Although more than a year has passed since this offer was made, and Mr. Roman has still not announced any decision, we do hope that he will agree to be our candidate in the coming presidential race. If he does, and if he makes it to the second round of the elections, he will doubtless win the elections"—the leaders of the PD Hunedoara County branch anticipated during their news conference on Tuesday, 9 January 1996.

As a matter of fact, sources in the team, which is to be in charge of his electoral campaign, told our reporters that Mr. Roman—who, so far, has limited himself to saying merely "you can count on me"—on 3 February will officially announce his candidacy in the race for Cotroceni [presidential headquarters].

SRI Head Explains Decision To Publish His File

AU1701155196 Bucharest COTIDIANUL in Romanian 11 Jan 96 pp 1-2

[Lucian Gheorghiu report on statements by Virgil Magureanu, director of the Romanian Intelligence Service, SRI, after testifying before a parliamentary commission on the SRI's activity, in Bucharest on 9 January]

[FBIS Translated Text]

The Former Deputy Director of the Romania Intelligence Service [SRI] Dumitru Cristea Was Extremely Ambiguous

Asked by journalists yesterday—fewer questions than on Tuesday, 9 January, after a hearing of only 55 minutes [by the Parliament Commission on SRI activity]—Dumitru Cristea, former deputy director of the SRI, said that he does not believe there is a contradiction between the current position occupied by Virgil Magureanu [SRI director] and his capacity as resident in Securitate structures in 1963-64. "Virgil Magureanu did not commit any repressive acts" Dumitru Cristea said.

However, Magureanu's former subordinate believes that the SRI director "rushed his fences" by publishing his file.

Apparently, Dumitru Cristea left the impression—and even stated it before the hearing—that he did not appear before the commission in order to attack Virgil Magureanu.

He insisted more on some "technical aspects." The journalists could not find out from him what this means because Cristea said he was not going to discuss "private issues."

It would not be surprising if the SRI's number two were to become a tough cookie for Virgil Magureanu.

Although he no longer works for the secret service, Cristea's behavior has remained the same.

Skillful and cautious in expressing himself, Cristea let it be understood—the press will make the interpretation—that he does not rule out a return to the SRI.

And through verbal juggling, he did not rule out the possibility that Virgil Magureanu will enter politics.

Virgil Magureanu Has Kept the File in the Locker for Two Years

Having been heard by the Parliamentary Commission on SRI activity for three hours, the director of that institution, Virgil Magureanu, at 2115-2215 hours on Tuesday night [9 January], became the target of journalists' questions. We have selected the most interesting points of this dialogue between the SRI director and the press.

[Reporter] Mr. Magureanu, why did you not present your 1963 file to Parliament or the SRI Commission when you were invested in office? Why did you not make public the fact that you used to be part of the Securitate structure?

[Magureanu] Personally, I regarded this period in my life as a minor act. I ignored this episode. I did not attach any importance to the so-called cooperation with the Securitate at that time. The reason was not only the short period that it lasted, but also my activity in itself. In concrete terms, I ignored this file, I forgot that it even existed. The facts were minor and the content of the file is not significant.

[Reporter] How did you obtain the file?

[Magureanu] I received the file in 1993 from the SRI branch of Timis County. I put it in my locker and there it stayed.

[Reporter] How did you decide to publish it?

[Magureanu] I decided to publish it in order to prevent its being first published in ROMANIA MARE [Greater Romania Mare weekly] in a malicious form. I reached my decision when I heard that copies of my file are circulating.

[Reporter] How did you learn that it will be published in the ROMANIA MARE weekly and that Tudor [PRM leader] also had a copy?

[Magureanu] On Friday, 29 December, I intercepted a copy, and, after I read the note published in ROMANIA MARE, I realized that Vadim also has a copy.

[Reporter] How did you intercept the copy?

[Magureanu] Through special means.

[Reporter] In this case, why did you not present the file to the commission on SRI activity considering that there were copies of it?

[Magureanu] I physically did not have time. Just think about it. It was 29 December when I obtained the copy.

[Reporter] Did you consult with anybody before publishing your file?

[Magureanu] Yes, I discussed the matter with President Ion Iliescu.

[Reporter] Nevertheless, one hears accusations about your failure to make public your 1963 activity. Why did you not hand over your file to Parliament in 1993 when you received it?

[Magureanu] I repeat, my activity of so-called cooperation with the Securitate was minor and insignificant. I did not pay any attention to it. I even forgot about it, about it being in my locker, until I found out that copies of it were being circulated.

[Reporter] Who made copies of it?

[Magureanu] Probably SRI officers in Timisoara who knew that they would no longer work for the SRI. The copies were made before the original file was sent to me.

[Reporter] Is your activity in 1963 compatible with your position as SRI director?

[Magureanu] Yes, because that cooperation was short lived and I did not commit harmful deeds in the position I held in the last regime. If I had done something harmful or repressive under the old regime, in my present position I could have destroyed that file. However, as you can see, the file is intact. What crowns all is the fact that the file that shows that I was under Securitate surveillance under the old regime has been almost completely destroyed.

[Reporter] Senator Corneliu Vadim Tudor has come up with a number of documents against you. He has called for you to be dismissed and stated that General Diaconescu has three files that could ruin you. What can you say about all this?

[Magureanu] You should ask Vadim. These are his statements.

[Reporter] Where did the conflict with Vadim start?

[Magureanu] When he asked for it, I could not certify that he was or he was not a collaborator of the Securitate. He got upset because, in the case of Corneliu Coposu [late president of the National Peasant Christian-Democratic Party], I was able to clarify the situation, but I did not do the same thing in his case. In Coposu's case, the situation was different.

[Reporter] You are accused of having violated the law by publishing your file.

[Magureanu] My file is not a point of law, which stipulates that a file may be published only after 40 years, because it does not contain secret information. Therefore, I did not violate the law.

[Reporter] Do you agree that citizens should have access to their own files?

[Magureanu] There are two draft laws in this respect. Personally, I believe that citizens should have access to files that do not contain secret information.

[Reporter] Vadim stated that he has and will still receive numerous files. This is election year. Do you not believe that we will be confronted with a "flood of files" for political blackmail purposes?

[Magureanu] I cannot rule out that such a thing might happen. However, I can assure you that they will not come from the SRI.

[Reporter] Mr. Nicolae Ulieru [SRI spokesman] mentioned on the BBC on 30 December that, in order to have access to files, one must wait for Parliament to pass a law in this respect. You had this file. Thus, have you not violated the law?

[Magureanu] I did not violate the law. I published the file to defend myself, because, through this file, attempts were made to attack and to insult me. Therefore, I defended myself. It was sort of a legal defense.

[Reporter] I agree with you. However, how can an ordinary citizen, who is also attacked, defend himself in a similar case?

[Magureanu] He cannot really defend himself....

Ex-SRI Deputy: Magureanu Lied About File

AU1801090996 Bucharest ZIUA in Romanian
11 Jan 96 p 5

[Article by Dorina Baesu: "The Former Deputy Director of the Romanian Intelligence Service Accuses the Director of That Institution of Immoral Behavior—General Dumitru Cristea Claims Magureanu Has Discredited the SRI"]

[FBIS Translated Text] General Dumitru Cristea, former deputy director of the Romanian Intelligence Service [SRI], said yesterday, after having been heard by the authorized commission, that Virgil Magureanu [SRI director] should resign. If he continues in office as director of our country's main intelligence service, he will discredit the institution in the eyes of the public, said Cristea, who appeared before the commission, of his own initiative, in order to clarify certain technical aspects of the "Magureanu affair."

The former deputy director mentioned that, as far as he is concerned, the violation of law is not the most serious aspect of the case, but mainly the speculations that can be made about the case and its consequences.

In this respect, Dumitru Cristea believes that each politician should have access to his own file and each file should be published. In this way, the fear of many people that someone else would reveal their past would disappear and nobody would be blackmailed.

Magureanu Has Lied: He Is the Only One Who Approves Files To Be Removed From the SRI Archives

The former deputy director of the SRI confirmed what General Victor Marcu had said the previous day. Marcu had said that the only one who approves access to any file is Virgil Magureanu. The SRI director said on the same day that he does not deal with such things, but Cristea told journalists that his former boss had lied. Cristea says that there is no person who knows Magureanu better than himself but, at the same time, he claims that he learned only from the press that Magureanu was a Securitate resident. He does not believe that the young Astalus [Magureanu's name at birth] did anything wrong in his position as a Securitate agent and does not believe that the position Virgil Magureanu then held would be incompatible with his present position. However, from a moral viewpoint, Magureanu is guilty because he lied to the public and Parliament, Cristea believes.

Cristea Offered His Services as Expert to the SRI Commission

C.V. Tudor [senator and Greater Romania Party president] had affirmed one day before, that the former deputy director of the SRI has data of utmost seriousness to reveal about Magureanu. Cristea did not wish to speak about this, but neither did he deny that he possessed any data. "Vadim is a politician and can allow himself to make all kind of statements. I am a technician and cannot permit myself such a thing," the general said. He suggested the idea that Magureanu has a political vocation and the fact that he published his file was aimed at creating certain advantages from a political viewpoint.

General Cristea was more amiable than the press expected him to be, not only towards Magureanu but also towards the SRI Commission. Although he said that Vasile Vacaru [chairman of the parliamentary commission] and the others had become ridiculous because of the "Magureanu affair," in his capacity as an expert, he offered his services to the parliament members in the commission.

Federal

Milutinovic, NATO's Solana Stress Cooperation

AU1201210896 Belgrade RTB Television Network in Serbo-Croatian 1830 GMT 12 Jan 96

[Video report on statements by Foreign Minister Milan Milutinovic and NATO Secretary General Xavier Solana in Belgrade on 12 January — recorded; Milutinovic and Solana speak in English with superimposed Serbo-Croatian translation]

[FBIS Translated Text] [Milutinovic] We had a very useful discussion about the development of the situation, all issues, and all sides involved. At this particular moment, we are looking for the cooperation of all forces, particularly NATO member countries, that are part of the Implementation Force [IFOR] in Bosnia. I would once again like to greet Secretary General Solana and General George Joulwan.

[Solana] Thank you very much. I would briefly like to say that, as you know, we have been to all the capitals. It was a short, but intense trip. We end it here in Belgrade with the same message, namely, that IFOR is at this moment working very well, and that we are approaching a very important day and deadline by which we still need to implement many important measures.

We wish to thank President Milosevic for his very good cooperation, and we hope that our good relations will continue and that we shall see peace in the region. As I have said many times, peace means more than the absence of war; it means cooperation, the desire to work together to achieve peace and prosperity. This is the issue now. As you know, IFOR is ready to cooperate with everyone to implement the agreement signed in Dayton.

Defense Council Proposes Amnesty for Draft Dodgers

LD1701163496 Belgrade TANJUG Domestic Service in Serbo-Croatian 1600 GMT 17 Jan 96

[FBIS Translated Text] Belgrade, 17 Jan (TANJUG) — The Supreme Defense Council held a session in Belgrade today, presided over by Zoran Lilic, president of the Federal Republic of Yugoslavia [FRY], the military office of the FRY president has announced.

The current military and political situation in the region was examined at the session.

The council examined the fundamental principles FRY advocated at the Vienna negotiations on regional arms control.

The Supreme Defense Council examined a report by the military judicial bodies on the criminal act of evading military service from 1991-95, and proposed that the federal government prepare a draft law on amnesty for persons charged with evading military service up to 14 December 1995. The Supreme Defense Council's proposal applies to 12,455 persons.

The Supreme Defense Council also examined other issues within its constitutional jurisdiction.

In addition to members of the Supreme Defense Council — Serbian President Slobodan Milosevic, Montenegrin President Momir Bulatovic — the session was attended by Federal Prime Minister Radoje Kontic, Federal Foreign Minister Milan Milutinovic, Federal Defense Minister Pavle Bulatovic, and Colonel General Momcilo Perisic, chief of general staff of the Yugoslav Army.

Commentary Urges Reconciliation of SFRY States

AU1701170696 Novi Sad DNEVNIK in Serbo-Croatian 16 Jan 96 p 5

[Commentary by Milan Bozokin: "Time of Reconciliation"]

[FBIS Translated Text] After almost five years of war, the former Yugoslav republics, which have in the meantime become independent states, have slowly begun to forge ties with the FRY [Federal Republic of Yugoslavia]. After times of war come times of somberness and reconciliation. The former secessionists are now reaching out to the hitherto hated Belgrade. True, they are doing so rather bashfully because they are exposed to attacks by their own communities because of the policy of reconciliation toward the former enemy. In Slovenia, Croatia, and Bosnia-Herzegovina, and we are talking about them, the opposition is still against any kind of cooperation with Belgrade. They are still horrified at the sight of a traditional Serb cap [sajkaca], and they shudder at the mere mention of Serbs. They are fortunately in the minority and not influential enough to present an obstacle to the new course taken by the leaderships of the newly created states on the territory of the second Yugoslavia.

The attitude of the secessionists toward Serbia, that is, the FRY, changed suddenly after the signing of the Dayton agreement. Slovenia was the first to react by recognizing the FRY. Ljubljana is now announcing the opening of its embassy in Belgrade. All this speaks of the establishment of a political dialogue between Slovenia and the FRY. The political contacts between the two countries were broken off in July 1991, when Slovenia seceded from the then SFRY. The Yugoslav Government under Prime Minister Milan Panic recognized Slovenia in 1992, but political dialogue was not established. Three years later, the situation changed and the Slovenes recognized Yugoslavia.

Unlike the politicians, FRY and Slovene business communities have been quicker at finding a common language. Some companies never did break off their business ties with Slovenia, and after the suspension of FRY sanctions, many Slovene companies have announced an offensive with their goods on the FRY market. The Slovenes have realized that they are having problems promoting their products outside their borders, and that they cannot do without Serbia, that is, Yugoslavia.

Last week's visit by Croatian Foreign Minister Mate Granic to Belgrade marks a new era in Yugoslav-Croatian contacts. The relations between the Serbs and the Croats have determined everything that happened on the territory of Yugoslavia from 1912 to the 1990's: Just as the Croats were the main factor in its creation, so they were the main cause for its disintegration. This is why it is no exaggeration to say that, after the signing of the Dayton-Paris agreement, the speed and trends in the global normalization of the situation on the territory of the former Yugoslavia depend primarily on the regulation of the open issues that exist in the relations between the FRY and Croatia.

After the disintegration of the second Yugoslavia, the contacts between Belgrade and Zagreb were very few and far between. They were the most intense in 1994, when the two countries opened their bureaus in Belgrade and Zagreb, which are to be future embassies. In 1994, the then FRY Deputy Prime Minister Zeljko Simic and Foreign Minister Vladislav Jovanovic visited Croatia. After that, Yugoslav-Croatian contacts were broken off. They were restored only last November in the distant Dayton. Although the new start is encouraging, one should neither view the future relations between the FRY and the Republic of Croatia with too much optimism nor with too much skepticism. Their relations not only can but also must advance since without the normalization of relations between the FRY and the Republic of Croatia there can be no consistent implementation of the Dayton-Paris agreement, no full reintegration of the FRY in the international community or integration of Croatia in the European institutions and organizations. Finally, the normalization of relations between the FRY and the Republic of Croatia is a condition for the achievement of their important interests, and the stabilization of the situation in the region.

The Bosnian Muslim government of Alija Izetbegovic has also decided on reconciliation with Yugoslavia. The president of Bosnia-Herzegovina has announced that either Yugoslav Foreign Minister Milan Milutinovic could soon visit Sarajevo or Bosnian Foreign Minister Muhamed Sacirbegovic could visit Belgrade. If it comes to such a visit, it will be the first Yugoslav-Muslim contact since war broke out in Bosnia-Herzegovina in April 1992. Peace was hard to reach in Bosnia but it is encouraging that all three warring sides want to maintain it. Perhaps everything is not going exactly according to plan, but it is understandable since the victims and the suffering cannot be forgotten overnight, nor can memories be erased at the stroke of a pen.

Although the distrust among the three nations of Bosnia-Herzegovina is still considerable, one should not be too skeptical when it comes to their coexistence. The Christmas mass in an Orthodox church in Sarajevo can be taken as proof that there still is a possibility for coexistence. A metropolitan of the Serbian Orthodox Church served the mass, which was attended by the Catholic cardinal, the Sarajevo rabbi, and last but not least, Bosnian Prime Minister Haris Silajdzic.

It appears that there will be the least problems with Macedonia [The Former Yugoslav Republic of Macedonia — FYROM] in the linking up of the new states created on the ruins of the former Yugoslavia. Yugoslavia and Macedonia parted ways peacefully, and that is the best proof that it was not necessary to start a war to create an independent state. There were other ways, but.... Macedonia helped Yugoslavia quite a lot when it was going through the hardest times, so one should not expect problems over the establishment of diplomatic ties. After all, Macedonian President Kiro Gligorov visited Belgrade at the beginning of last October, so relations with Macedonia should soon be made official. The obstacle to this is the unregulated relations between Macedonia and Greece, and Belgrade plays an important role in the solution to their dispute.

The mutual recognition of the newly created states on the territory of Yugoslavia is very important for the establishment of lasting peace in the region. After a bloody war comes the time for the restoration of severed ties. Everyone has lost in the war that only ended a couple of months ago, and now is the time to reconstruct the economy and raise the living standard of the impoverished population. That is just one part of the job. The other part, the difficult part — the discussions on the succession of the property of the former SFRY — is yet to come. In order for that process to begin, there is one step that has to be made toward reconciliation, a step that is about to be made called the reconciliation of those at war. [sentence as published]

Serbia

Seselj Passport Denial Linked to Hague Appearance

AU1701213996 Belgrade NASA BORBA in Serbo-Croatian 17 Jan 96 p 9

[Report by M.M.: "Seselj Denied Passport"]

[FBIS Translated Text] Vojislav Seselj, president of the Serbian Radical Party [SRS], will obviously be unable to travel abroad in the foreseeable future.

As we have learned officially, the relevant service of the Ministry of Internal Affairs of Serbia refused to extend the validity of Seselj's passport. The SRS leader submitted his travel document as early as at the beginning of December, but has so far been denied a reply and the necessary stamp in the passport, while his underage son Nikola was given his passport "in time," that is, before the new year.

The authorities' delay with Seselj's passport (or perhaps its complete denial) is seen in public as being in connection with his recent contacts with the Hague International Tribunal, that is, with the possibility of the SRS leader deciding to appear as a witness before this institution.

Seselj himself also supposes that the fear of his traveling to The Hague is the main reason why he is (?temporarily) left without a passport. He says that he will "allow some more time to pass before raising a media fuss over the case."

Let us recall that in the middle of the eighties, after serving a one-year prison sentence in Zenica, Seselj also had problems with travel documents. At that time, he was issued a passport after he threatened to cross the border illegally with son on his shoulders. Things have changed; in the meantime, his son has grown up, learned to walk, and — gotten his own passport.

Kosovo

Party Leaders' Meeting Termed 'Complete Failure'

LD1701222496 Belgrade TANJUG in English 1519 GMT 17 Jan 96

[FBIS Transcribed Text] Pristina, Jan 17 (TANJUG) - A meeting of leaders of parties and political groups of ethnic Albanians in the south Serbian province of Kosovo that started two days ago in Pristina has ended in complete failure.

The principal reason the ambitious meeting of leaders of ethnic Albanians, aimed at reviewing the new circumstances unfavorable for the separtist movement, was cut short is that it has been ignored by the leader of its movement—the so-called Democratic Alliance of Kosovo (DSK), Ibrahim Rugova.

Rugova sent his vice-presidents Hidaet Hiseni and Fehmi Agani to attend the meeting, but the rival block was not satisfied and insisted that Rugova personally states his difference.

The participants did not accept the explanation of the envoys that Rugova was too [words indistinct] that by not coming he wanted to diminish the meeting's significance. A previous similar meeting was not attended at all by DSK officials.

The fact that the daily BUJKU, close to Rugova's party, did not report at all about the meeting Wednesday [17 January], although it announced it Tuesday, also points in that direction.

No details are still available about what went on behind closed doors, but the more liberal weeklies in Albanian, KOHA and ZERI, are expected to find out something.

The two weeklies have lately both praised and criticized Rugova's policy and, unlike BUJKU, have been openly doubtful.

The separatist movement of ethnic Albanians in Kosovo, has for years been working for the secession of the province from Serbia and Yugoslavia and for its joining neighbouring Albania.

The movement exerted pressure on its compatriots to boycott the institutions and bodies of the state they live in and not even to make use of the rights they are entitled to, as all other national minorities in the Federal Republic of Yugoslavia.

However, relevant international factors have categorically stated that Kosovo is an integral part of Serbia and that its secession is out of the question.

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